# WILKES-BARRE, PA, SOCIAL SECURITY ADMINISTRATION DATA PROCESSING CENTER

(99-15)

# HEARING

BEFORE THE

## SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

OF THE

## COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

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MAY 13, 1985, AT WILKES-BARRE, PA

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# WILKES-BARRE, PA, SOCIAL SECURITY ADMINISTRATION DATA PROCESSING CENTER

MONDAY, MAY 13, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Wilkes-Barre, PA.*

The subcommittee met, pursuant to notice, at 1:15 p.m., in the Commissioners meeting room, county courthouse, North River and Pierce Streets, Wilkes-Barre, PA, Hon. Robert A. Young, presiding.

Present, Representatives Young and Shaw.

Also present, Representative Kanjorski.

Mr. YOUNG. The hearing before the Subcommittee on Public Buildings and Grounds of the House Committee on Public Works and Transportation will please come to order.

The subcommittee today is meeting in Wilkes-Barre at the request of your Congressman, the Honorable Paul Kanjorski, in order to receive a complete picture of the need for the Social Security data operations center in Wilkes-Barre, PA.

As my colleagues are aware, the General Service Administration transmitted to the Congress, in 1982, a prospectus proposing the lease construction of a three-story facility to house the Social Security Administration data processing center and five other Federal agencies which were located in three separately leased buildings.

The General Service Administration based their justification for the project on the fact that the Wilkes-Barre DPC operation required duplication of controls and supervisory staff. Their justification was strongly supported by the Social Security Administration.

The prospectus providing for the lease construction of a building containing 235,000 square feet at an estimated annual cost of $3 to $4 million, was approved by the House Committee on Public Works and Transportation on September 23, 1982.

However, the Senate Environment and Public Works Committee failed to approve the prospectus, and, instead, commissioned the U.S. Army Corps of Engineers to study alternative means to satisfy SSA's space needs.

The Corps of Engineers recommended the purchase and renovation of existing industrial building just outside of the Wilkes-Barre city limits. Thus, we ended up with the two bodies of the Congress taking different actions with respect to the consolidation of the SSA in Wilkes-Barre.

At this time, I am advised that the regional office of the GSA has recommended construction of the building in downtown Wilkes-

Barre at a cost of $18 to $22 million in order to provide for the consolidation of the Social Security Administration.

Accordingly, we publicly have three options. However, I understand that the current leasors of the Social Security Administration have offered to construct additional space to provide for the consolidation of the SSA. Therefore, I am hopeful that, today, the subcommittee can receive the necessary facts and information that will allow the Congress the opportunity to thoroughly review this matter and make a meaningful decision.

In this regard, I would like to point out that if Congress decides to construct a building in Wilkes-Barre, approval must first be received by the authorizing committees, namely the House Committee on Public Works and Transportation, and the Senate Environment and Public Works Committee.

The next step would be for the Appropriations Committee of the House and Senate to appropriate funds necessary for construction.

At this time, I would like to welcome all of the distinguished witnesses who are with us today, and thank them for taking their time to be with us today so that we may receive a clear picture of the true needs for consolidation of the Social Security Administration.

The Chair will attempt to move ahead as fast as we can since the subcommittee is currently holding airline reservations which call for departure at approximately 4 p.m.

I would like to now introduce the distinguished ranking minority member of the subcommittee, the Honorable E. Clay Shaw, from Fort Lauderdale, FL.

Mr. Shaw, do you have an opening statement?

Mr. SHAW. Yes, I do.

Thank you, Mr. Chairman.

Representative Paul Kanjorski, Mayor McLaughlin, city and county commissioners, and the citizens of Wilkes-Barre, it is indeed our pleasure to be with you here today, and for me to accompany the Subcommittee on Public Buildings and Grounds to receive testimony for various alternatives in which to meet the long-term housing needs of the Social Security Administration right here in Wilkes-Barre.

At the outset, I would like to commend our distinguished colleague, Representative Kanjorski, for bringing this issue to the subcommittee's attention, and for his efforts, both here, in Washington and I might add at lunch today, to find the best possible solution to the Social Security's housing needs.

Efforts to meet the existing and future housing requirements of Social Security Administration, who are now scattered in several locations throughout the city, have been ongoing for a number of years, and I am hopeful that as a result of this hearing today, that we may be able to resolve this longstanding issue.

Finding a permanent consolidated location for the Social Security Administration data processing center has been under consideration by the General Services Administration since 1970. Since that time, a number of housing proposals have been recommended and considered, both by the Congress and by the General Services Administration, but, unfortunately, to date, none of these proposals have been implemented.

Like many issues, this is one which was initiated prior to either the chairman's or my tenure on this subcommittee. Under Chairman Young's diligent leadership, we have been working to resolve these issues one by one, and I am hopeful that as a result of the testimony we receive here today, we may be able to find an acceptable solution to the Social Security Administration's needs here in Wilkes-Barre.

The location of this hearing has a special meaning to me, in that my mother's family, for several generations, was from the Scranton area. So, this is a little bit like coming home, and certainly the warm reception that we have received here in Wilkes-Barre is certainly very nostalgic to me as a memory of the fine days that I have spent with my grandmother in this part of the country.

I would, Mr. Chairman, again, recognize that there has been a great deal of leadership displayed on this particular issue. Also, seeing Marc Holtzman here with us today, again, I would renew my request that he be allowed to testify so that we may be sure that we are approaching this hearing in a bipartisan manner, and that we hear from all sources who have had so much to do, with bringing this most important issue before the Congress of the United States.

I would, at this time, ask unanimous consent, Mr. Chairman, that he be added to our agenda as a witness for today's hearing.

Mr. YOUNG. I am not sure that the gentleman from Florida is aware of what has happened relative to this situation.

On Friday of last week, I received a letter, dated May 8, from Mr. Holtzman, asking for consideration to appear before the subcommittee. Immediately, I sent back, after I looked at the scheduled witnesses that we had today and the importance of trying to visit as many of the facilities as possible, I sent back the following telegram 110459.

The telegram to Mr. Holtzman thanked him for his offer to testify before the committee, and then explained the fact that the agenda was already extremely crowded, and we were not able to accommodate further witnesses. However, we would be, I said in the telegram, pleased to accept a written statement, which I will ensure is made a part of the hearing record.

So, I would be happy to hear from Mr. Holtzman at a future time.

Our first witness this afternoon will be Mr. Frank Trinisewski.

You are the chairman of the board of commissioners for Luzerne County Courthouse, Wilkes-Barre, PA.

## TESTIMONY OF FRANK TRINISEWSKI, CHAIRMAN, BOARD OF COMMISSIONERS, WILKES-BARRE, PA

Mr. TRINISEWSKI. Congressman, thank you.

Mr. YOUNG. Yes, sir.

Mr. TRINISEWSKI. Congressman, members of the congressional staff, many of our elected officials of Luzerne County, ladies and gentlemen, on behalf of the Luzerne County Board of Commissioners, I welcome this committee, welcome all of you, to be here this afternoon to render your testimony in perhaps one of the most im-

portant projects in many, many years here in Luzerne County and this particular Wilkes-Barre city.

Commissioner Phillips, Commissioner Crossin and myself, we have a 2 o'clock commitment with Federal Judge Connably up in Scranton. We are approximately 15 minutes late now, by the time we get up there, and I am sure many of you will realize, when you have a commitment with a Federal judge, you had better be there on time.

Mr. Gene Klein, our chief clerk in Luzerne County, will give testimony on behalf of the Luzerne County Board of Commissioners.

I would like to just say one thing for the record that this project is most important to all of us here in Luzerne County and, in particular, Wilkes-Barre city. I spoke with Senator Specter approximately an hour ago. He was at the Wilkes-Barre/Scranton International Airport. I have had several conversations with Senator Heinz and I have had probably a half a dozen conversations with Congressman Kanjorski, and I am pleased to say that the enthusiasm and support that these three gentlemen have shown has been very important to all of us in Luzerne County.

I would hope that it would continue to be in a bipartisan manner. The hearings, the followups that have to take place to ensure this building, this new building be constructed in downtown Wilkes-Barre.

In talking to Senator Specter, he indicated to me once again that he will be meeting with David Stockman from OMB, which is most important, with the administration. I think we have to continue to apply the pressure in Washington, to apply the pressure with our Senators, to apply the pressure with our Congressmen, and then I think it can become a reality, the new building in downtown Wilkes-Barre.

Congressmen, at this time, I would like to have Mr. Gene Klein, our chief clerk, follow up with the testimony.

Mr. YOUNG. Thank you. He is going to follow up.

Mr. Klein, would you identify yourself and whom you represent, sir?

## TESTIMONY OF GENE KLEIN, CHIEF CLERK, DIRECTOR OF PERSONNEL BUDGET, COUNTY OF LUZERNE, PA

Mr. KLEIN. I am Gene Klein, chief clerk, director of personnel budget, county of Luzerne.

The committee has asked me to relate to all subsequent people who are giving testimony to kindly spell their last names and be exact on affiliation with which the cause is taken. OK. So, that will be last named spelled, and the name of the organization they have represented. This is for the sake of the stenographer, et al.

On behalf of the Luzerne County Commissioners, I would like to take the opportunity to welcome this prestigious panel to the Luzerne County Courthouse. As you are aware, the proposal for a new Social Security facility was passed unanimously by the House Public Works and Transportation Committee in September 1982, during the term of former Congressman James L. Nelligan.

The reason for the passage of the proposal was: First, cost-effective; second, high standard of work ethics in Luzerne County; and

third, economic climate necessitating strong bolstering from public as well as private sector.

Once again, thank you and welcome to Luzerne County, and, in advance, thank you for taking the time to obtain hands-on on-site testimony.

Thank you so much.

Mr. YOUNG. Mr. Klein, thank you very much for your testimony, and we——

Mr. KANJORSKI. May I just have one——

Mr. YOUNG. Yes.

Mr. KANJORSKI. Mr. Klein, your testimony is that from 1975 until 1982, this had been a thought of project and a desired project, but, actually, the House Committee on Public Works took affirmative action some time in the fall of 1982, is that correct?

Mr. KLEIN. In September 1982, Congressman Kanjorski, and the vote was unanimous, and that particular committee, if I may elaborate, does not need House concurrence if the committee recommends.

Mr. KANJORSKI. All right.

Mr. KLEIN. Thank you, sir.

Mr. YOUNG. Mr. Klein? I'm sorry.

Mr. KLEIN. That is all right.

Mr. YOUNG. Would you state that again? I am not quite sure that that is right.

Mr. KLEIN. OK. It is my understanding that the House that you represent passes through subcommittee and does not need the complete vote of the House of Representatives.

Mr. YOUNG. For what?

Mr. KLEIN. A recommendation, a proposal for a building, whatever. That the recommendations of that particular committee does not have to go to a full House vote.

Mr. YOUNG. You do have the projects go through the appropriate appropriations committee of the House. Right?

Mr. KLEIN. Yes; OK.

Mr. SHAW. The funds have been appropriated. In fact, I have the committee resolution.

Mr. KLEIN. $30 million.

Mr. SHAW. I think the one from 1982 before me here today.

Mr. KLEIN. $30 million. The work efficiency rate in the Wilkes-Barre area——

Mr. SHAW. I think the one that we approved—that you are referring to, though, was a build and lease-back facility?

Mr. KLEIN. That is correct.

Mr. SHAW. It did amount to a new facility.

Mr. KLEIN. That is correct. It was not a lease back, and the efficiency in the study, if I may continue, in the Wilkes-Barre area compared to large areas, such as Baltimore, Chicago, at that time, in pushing the study, the work ethic of the area was approximately 70 percent higher than the Baltimore, Chicago regions.

Mr. YOUNG. Well, I just wanted to make sure, Mr. Klein, that we will check everything out to make sure that we are doing it the right way.

Mr. KLEIN. By all means. I did my homework——

Mr. YOUNG. Right. The purpose of this hearing is to try to review the different proposals that have been before the subcommittee and the Congress as a whole, and as Mr. Shaw had mentioned, neither one of us were on the committee, I do not think, in 1982. I know I was not, and I have only been chairman since 1983, January 1983.

So, I am a little more—I can understand a little more what has happened since 1983 than what happened previously. So, we will do the best we can and try to disseminate the information that we get, and try to come to a decision within the realms of our subcommittee.

Mr. KLEIN. I would in no way attempt to take that away from Congressman Kanjorski. We are more than honored to have him present at this time. I guess why I am elaborating was I was a staffer in 1981 and 1982. So, I had to skip around the kitchen, Congressman.

Thank you.

Mr. YOUNG. That is good. Good.

Our next witness will be Hon. Paul E. Kanjorski, the Representative from this area.

Paul, without objection, if you have a full statement, it will be made part of the record, and you can go ahead and summarize in the fashion that you like.

## TESTIMONY OF THE HON. PAUL E. KANJORSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. KANJORSKI. Yes. I appreciate that, Mr. Chairman, and I want to say good afternoon, and I would like to express my sincere appreciation to Chairman Young and Congressman Shaw for scheduling this hearing in Wilkes-Barre, and for the interest they have shown in responding to our problems concerning the consolidation plan for the Social Security Administration.

I firmly believe that this hearing is a major step toward the final resolution of a situation that has been talked about for over 10 years.

Mr. Chairman, I do have a statement that consists of over 32 pages, and, on your suggestion, I will submit it for the record.

Mr. YOUNG. Without objection.

Mr. KANJORSKI. Being a lawyer and being paid by the pound in a prior life, Mr. Chairman, I would like to break out and be extemporaneous at this time. The way I view this problem and the way this community views this problem is that we do not understand our Government.

We do not understand our Government insofar as for 10 years, we have had the most productive work force of Federal employees performing a function for their Government and now are in need of a facility to further continue to perform that function, and that we have not put our ducks in line. When I got to Washington after my election, as a matter of fact, Mr. Chairman, you and I were one of the early members of Congress to meet each other in December on the House floor, we discussed this very program.

We discussed it from the aspect that obviously there is somewhat of a miss between the lip and the spoon, and if this committee can take upon itself the responsibility of organizing the how, the why,

the where, and the what of the situation, I think we today can move a great deal forward in bringing to a reality this building here in Wilkes-Barre.

Why is a simple question. In 1975, it was recognized that Wilkes-Barre was the ideal location to continue one of three data processing centers in the United States for the Social Security Administration.

Just 30 days ago, I had the opportunity to sit with Deputy Commissioner Sabatini of the Social Security Administration when he related to me that he would be here in Wilkes-Barre today, but I know he is unable to do it, but he has sent a representative, and that it was his contention that this was the highest ranked work product center in the Social Security system.

An estimated figure of work product over 25 percent above all other centers in the system. That is a very important significant figure, as I will point out later, in my statement.

The second question was how we would construct this building. Well, we have had many, many proposals. Everything from buying a preexisting structure that is on the tax rolls of Plains Township, which was a former manufacturing center, and converting that to a useable building, to the Federal Government building a brand new building to the renovation and expansion of the existing building and to a straight lease back and construct of other properties by private developers, and, lastly, that the municipality of the city of Wilkes-Barre and the county of Luzerne participate in building this center.

Quite frankly, Mr. Chairman, my desires, as representative of 11 congressional districts, are very simple.

First and foremost, we want to maintain the employment of all these people and expand that employment in the Wilkes-Barre area.

Second, the downtown of Wilkes-Barre is known throughout the east coast of the United States as the oldest new city in America. We experienced the 1972 Agnes flood, and I was very active during that flood time, and I recall the expressions from some of the news media throughout the world saying Wilkes-Barre would never come back. Well, after 19,000 Small Business Administration loans, and after 24,000 residences and public buildings were inundated, this city is not only back, but it is back more beautifully and more progressively than ever before.

Part of that coming back is a result of the high productivity and the work of the Federal employees that are in that center, and if, for no other reason, this Government owes them the honor of consolidated building for their benefit and to promise the maintenance of their jobs in this area with this structure.

The what we are going to do has been spread out from every thing from a single story 250,000 square foot building in the center city of Wilkes-Barre, or the outskirts, within the 6-mile radius, to, as I said, the existing plantsite.

Again, that is up to the architects, the real estate developers, and the Government generally. I really do not care, and I am sure our people do not, as long as we have a facility that is equal to all others in the country.

The when is the most important question, and the when has been 10 years too long. This project started in 1975. In the last sixth of our longest predecessor, in Congress, Dan Flood's tenure in that office, and for 5 years, he was unable to get the final resolution of the problem.

We elected, since that time, I am the fourth in line after Mr. Flood, and we still do not have a resolved problem.

I guess the question is just how long we will have to wait to have this resolved. I am sure, Mr. Chairman, Congressman Shaw, with your leadership of the subcommittee and your effect on the committee as a whole, and your prestige in Congress, you will lend this year in this Congress, in this session, the opportunity that we need to just say when this will occur.

Now, what we should do, it seems to me—and we talked over lunch, and I appreciate your attention on these areas—the American people and the people of my district want to know why do we go to these major cities where the costs of hiring employees is extremely high, where the cost of real estate is extremely high, where everything is congested, when in the day of modern electronics and communications, we have a facility such as this here in Wilkes-Barre, that can communicate with the major metropolitan areas of the world at the speed of light, 186,000 miles per minute, we can communicate on ground or air, to a third of the American population within hours, by ground alone, a fourth of the population can be reached within one driving time.

Now, it seems to me we have a facility, we have a work force that is unemployed at 12 percent, we have the highest work ethic in the United States, and that is supported by evidence of the Social Security Administration itself, and as you heard at lunch from Mr. Schechter, from the Committee for Economic Growth, 22 of our major employers in this area, in comparing their facilities with the rest of the facilities that they have in this country, have found that the productivity and capacity in this area of their work force is higher than in any of their other plants in the country.

Now, that speaks for itself. I do not represent citizens that do not want to work. I do not represent citizens that are malingerers. I do not represent citizens that want a free handout. I represent 560,000 people of northeastern Pennsylvania that have paid their highest dues in the Federal military service, in the support of this country through hard work efforts, and who have continued to be obedient, patriotic, and supportive.

It is now time that their Government shows that type of response to them. What I urge is that it is important to look at the facets and the mistakes and perhaps the misjudgments that have been made in the House and in the Senate. I cannot condemn the House of Representatives because, quite frankly, I have studied the record. As far back as the prior witnesses indicated, in 1982, a resolution supporting the structure of this building in Wilkes-Barre was passed, and we thought on its way.

It arrived in the U.S., Senate, however, and the request was made for an appropriation in the prospectus on December 16, 1982, of $120 million, and, at that time, this specific project in Wilkes-Barre city was pointed out by the chairman of that subcommittee, Senator Stafford in the Senate, that there was something wrong in

that the cost of a $120 million to pay for this lease construction project. Senator Simpson called this project an example of, and I will quote his phrase here:

> This boobish proposal asks that the Federal Government lease the space after we pay the private contractor to build the building. Egads. That one strains every ounce of my senses.

My hunch is that would be the same with most of this country's taxpayers. Now, I know Senator Stafford and I know the excellent work he performs and his committee staff, and, obviously, there has been a misconception here as to what this building would cost, how it would be paid for, and how the work would be performed.

As I told you before, the four or five alternatives, really, I do not have any preference, except I would like to see the Federal Government save as much money as they can, and still accomplish the biggest bang for the buck, and I would have a preference as to location, and for several reasons, I think it is very important.

The Luzerne Products Building is located in Plains Township, about 2 or 3 miles outside of the city limits of Wilkes-Barre. As you evidenced coming down from the airport today, Wilkes-Barre is not a community in northeastern Pennsylvania with an abundance of real estate available for industrial space.

When the U.S. Government decides to buy an existing vacant high standard manufacturing building from a private developer to utilize it for public use, we are contracting the inventory available in northeastern Pennsylvania for future manufacturing space of 250,000 square feet. That is terrible public planning because the likelihood of having a private developer replace that space, 250,000 square foot, on a speculative basis in northeastern Pennsylvania's depressed market is highly unlikely.

It is also owned in private hands and a payer of private taxes to the township of Plains. If we take it into the public sector, through Federal ownership, it will be removed from the tax rolls, thus denying the tax rolls money for the education of our children in the greater Wilkes-Barre area and for the support of the community functions in the greater Wilkes-Barre area.

The other aspect of it, as you will see when we leave these hearings today, it is located on a highway site that is more than 50 years in age. A two-lane highway passes this building, and it would have to support the traffic for 1,200 workers on a continual rotation.

It would obviously necessitate greater expense to the township, the city of Wilkes-Barre, and the Commonwealth of Pennsylvania to make major contributions to the highway and the transportation system immediately surrounding this area.

Now, if you are going to take productive space off the rolls in an unemployment area where you need that space available, and you are going to spend public money to put transportation systems in, it seems to me a stupid policy for the U.S. Government to turn around and support people who are not willfully unemployed but are looking for employment, and then have to keep those people unemployed because we cannot put the facility in northeastern Pennsylvania or in that area.

I think that if we line our ducks up today and we realize that the Luzerne Products Building, although in a limited isolated circumstance in comparison to other costs, may superficially appear to be the cheapest investment over the long run it is not. There is no question in my mind it is not the cheapest investment, nor is it the most satisfying investment for the area, for the people of the United States, and for the longevity of the structure we need as a presence of the Federal Government in this area.

The other area I would like to address myself to is why I prefer the downtown Wilkes-Barre area. I think it is incumbent upon the Federal Government to make a major commitment to downtown Wilkes-Barre. Reward the political leadership of that community, the citizen leadership, the industrial development leadership, and sort of a coup de grace that after the tremendous recovery from the Agnes 1972 flood, did the Federal Government of the United States have the presence of mind to respect this recovery and what it means, and that Wilkes-Barre and its environ will remain an integral and important part of this Federal Government for a long time in the future.

We can do that by simply making the $20 to $30 million investment necessary to put this physical facility in downtown Wilkes-Barre. What else will it do? It will support the hundreds and thousands of jobs in the restaurants, in the public transportation systems, in the general makeup in the tax structure of the city of Wilkes-Barre.

Why would the Federal Government not want to make it a matter of national priority, to accomplish that end? I can see no reason.

Now, what we do down there is a shocker to me. Do we remodel the present building and expand it? Do we accept the gracious offer of the city for the free land available to build on it? If so, should the Federal Government build it or should a private developer build it? Or, as an alternative that I have recommended, should the municipality of the city of Wilkes-Barre through an authority and with—either singularly or in jointure with the county of Luzerne, be the owners and operations and contractors of this building with the payout on a long-term lease of rent from the U.S. Government?

I would prefer the last for several reasons. One, it is the quickest. Two, it is the cheapest. Three, we are going to make sure that we have competitive bidding all the way up and down the line.

Now, I do not want to say that that is the only choice. If we cannot get that choice, I would prefer to see a private developer build the building, or, in last, the Federal Government build the building. But, there are several statistics that you have to compare and referring back to the Congressional Record of December 16, 1982, some mistake was in the minds of the preparation made for that record when the comparison was made of the long-term rent over 30 years for this building in Wilkes-Barre was a $120 million.

In fact, it could be. It could be anywhere from a $2.8 million a year rental to a $4 million rental, and if you multiply those figures out for 30 years, the rental payment ranges from $90 to $120 million, depending on the cost per square foot basis.

But, that is over a prospective period of 30 years. The estimated cost to build that same structure by the Federal Government in

1982, through a study of the Corps of Engineers, as requested by the U.S. Senate Committee on Environment and Public Works, estimated that the cost of the Federal building would be $35 million.

If we take the simple business proposition and invest $35 million of present Government money, in any institution in America, at a rate of a 10-percent return, without compounded interest over 30 years, we would get interest on that alone as income of a $105 million.

If we added the cost of the building, $35 million on to that, it would be at a cost of a $140 million to the U.S. Government, a principal and interest loss. If you compounded the interest over that 30 year period, it would be a loss almost to a quarter of a billion dollars for the Government to build that building at a cost of $35 million.

I cannot see the possible business hesitation to make a commitment to the private sector or to a government entity, such as the city of Wilkes-Barre, the county of Luzerne, to guarantee them a payment of a $120 million over 30 years, and thus saving a $100 to a $120 million of Federal money.

But, the cost of housing is the least loss to the Federal Government in this instance because if you will follow the figures that the Social Security Administration has, and their representations to me that their productivity rate in this center is about 25 percent greater than the other centers in the country, in comparison, and if you assume we have the thousand employees with $15,000 annual income, it comes to a payroll of $15 million a year.

If, in fact, their productivity level is 25 percent greater than the rest of the system, to get the same productivity in another area outside of Wilkes-Barre, in some other area of the country, it would cost in wages per year to the U.S. Government, more than $20 million or $5 million more per year than it does in the Wilkes-Barre area. If you multiply that by a factor of 30 years, you will have lost in Federal payroll $150 million over the next 30 years by failing to honor the people of Wilkes-Barre, and there are employees of the Federal Government here in Wilkes-Barre.

And, if you compounded that loss, you are talking about at least another quarter of a billion-dollar loss.

Now, when you take the loss of productivity of perhaps a quarter of a billion dollars, and the additional cost of the building of over $20 million above what you could rent it for now and have an entity build it here in the city of Wilkes-Barre, I cannot conceive of a Federal policy that would be considered good or acceptable under those economic circumstances.

So, I am critizing Senator Stafford. I am criticizing perhaps the people that were charged with bringing these facts and figures together and making the proper analysis so that those of us in the elected sector can make an intelligent, determined, and deliberate decision, and that is why I asked this committee to come here to Wilkes-Barre, to help analyze with me and with the expert witnesses that we will hear today, as to just how, when, where, and why we should build this building.

I think my oral statement today, read in conjunction with my printed statement that will be in the record, will more than forcefully prove to this committee, to the committee as a whole, to the

House of Representatives, to the appropriate committee in the U.S. Senate, and to the U.S. Senate as a whole, and I am convinced that the intelligent deliberation of our two bodies presented to the Office of Management and Budget and to ultimately the President, shall have its day and it is time that we, as elected officials, take the commensurate time necessary to put our ducks in line, to put the facts together as they appear today, to interrelate and correlate those facts and figures, and come to a proper, logical conclusion that the expansion of the Social Security Administration for its data operations center belongs in Wilkes-Barre, is deserved in Wilkes-Barre, and is 10 years late being built in Wilkes-Barre.

And, as the Congressman for the 11th Congressional District and representing this fine community, and these fine employees, I urge this committee to posthaste make that recommendation to the full committee, to the House of Representatives and the Congress as a whole, and you will have my 100 percent support for so doing.

Mr. YOUNG. Thank you, Congressman Kanjorski. We appreciate your fine statement, and your giving us the in-depth background on the whole matter as it relates to Wilkes-Barre.

If Congressman Shaw does not have any questions on behalf of the subcommittee, I would like to invite you to sit up here, if you would care to.

Gentleman from Florida.

Mr. SHAW. I do not have any questions. I just have a comment.

While we heard these words from you, we heard it from some prior speakers, heard it at lunch today, and I am sure we are going to hear it a lot more today.

The first time that I have attended a hearing in a community where the work ethic seems to be on top of everybody's mind. This is something obviously that the community is very proud of, and I think justifiably so, and you certainly have the statistics to back it up.

Obviously, there are some excellent workers with some great attitudes, and that certainly goes a long way toward supporting your particular case.

Mr. KANJORSKI. Thank you.

[Mr. Kanjorski's prepared statement follows:]

STATEMENT OF HON. PAUL E. KANJORSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Good Afternoon. I would like to express my sincere appreciation to Chairman Young and Congressman Shaw for scheduling this hearing in Wilkes-Barre today and for the interest they have shown in responding to our problems concerning the consolidation plans of the Social Security Administration. I firmly believe that this hearing is a major step towards a final resolution of a situation that has been talked about for over ten years now.

It was in 1975 that the Social Security Administration first considered the idea to consolidate the functions of the Wilkes-Barre SSA offices. This consolidation was necessary due to the rapid growth and additional workload of the Wilkes-Barre SSA offices. Over the course of the next few years, the Social Security Administration and the General Services Administration moved forward with their consolidation plans.

In 1981, the Office of Management and Budget voiced their support for the consolidation and instructed SSA and GSA to present their recommendation to the Congress. The GSA proposal was for construction of a building on a tract of land along Wilkes-Barre Boulevard, between East Market and Coal Streets. This proposal was considered by the Congress and on September 23, 1982, thanks in large part to

the efforts of Chairman Young, the House Public Works and Transportation Committee approved a modified prospectus providing lease construction for a 235,000 square feet building. Shortly thereafter, the House of Representatives approved the Committee's resolution to lease construct a new consolidated SSA building.

Unfortunately, the Senate Environment and Public Works Committee refused to accept the House legislation and on December 16, 1982 the Senate denied the prospectus and passed Senate Resolution 514 instructing the Army Corps of Engineers to study alternative means of housing the SSA. The Senate Resolution stated that, "the General Services Administration's proposed solution is very expensive, not in the best interest of the Government, and recommended without adequate study of alternatives and options."

In February, 1983 the Army Corps of Engineers recommended to the Senate the purchase and renovation of the Luzerne Products Building as an alternative to the construction of a new building. Subsequent negotiations between GSA and Luzerne Products concerning the purchase of the building then became entangled over the purchase price of the property. This situation has never been resolved. It is evident that the entire process surrounding the SSA consolidation proposal has become a bureaucratic nightmare for all of us vitally concerned about the future of the SSA workers, their facilities and the downtown development of Wilkes-Barre

Upon my election to Congress in November, 1984, I immediately gave a high priority to bringing about a successful resolution to the ten years of frustration we have all experienced. Less than two days after the election, I held my first meeting with developers interested in this project. Shortly after that, and also before I took office, I met with Chairman Young in Washington at the December caucus. We discussed constructing a new building and how to accomplish it. Over the past several months I have met with local public officials, other Congressional members and representatives of the Administration. I feel that this hearing will clarify a number of the issues that have prevented this project from moving forward and will we reach a solution that will lead to the resolution of this situation.

The need for the consolidation of the three present SSA sites has been well documented. The increased workload of the Wilkes-Barre SSA offices has resulted in a significant increase in the need for space. The Wilkes-Barre Data Operations Center (DOC) is one of only three such centers in the country and processes income data for about 40 percent of the national workforce. The Wilkes-Barre DOC processes 62 million Annual Wage Reports (AWR's) each year, which represents approximately $730 billion in gross wages and $81 billion in employee/employer gross taxes. They issue social security number cards, respond to citizens' requests for earnings information, and process an estimated 100 tons of paper a year. SSA's space needs in the Wilkes-Barre DOC facility have grown from 17,000 square feet in 1947, to 65,344 square feet in 1971, to 145,000 square feet in 1981, and now to the current levels over 200,000 square feet. The efficiency of the operation affects the recordkeeping activities of the SSA and the Internal Revenue Service for tens of millions of Americans.

It is clearly evident from this information that the Wilkes-Barre DOC is vitally important to the nation's recordkeeping system. For this reason, the SSA has recommended consolidation of the Wilkes-Barre DOC from their present three sites. Nelson Sabatini, Acting Commissioner of SSA, in a February 15, 1985 letter to George Cordes, Regional Director of GSA, states that, "SSA has documented the critical need for a consolidated facility for the Wilkes-Barre DOC . . . This split operation causes inefficiencies and increased operating costs for SSA in the processing of workloads of nationwide importance. The increased operating cost is now estimated to be about $1 million per year.

In a meeting I requested with him last month, Commissioner Sabatini elaborated on the integral part the Wilkes-Barre office plays in the total Social Security Administration picture.

He told me unequivocally that the Wilkes-Barre office was the most productive facility the agency had in the field anywhere. He further stated it was his opinion that their work output in Wilkes-Barre was so high, their jobs would be safe.

Commissioner Sabatini in 1983, previously explained SSA's needs and requirements in a letter to Richard Haase, Commissoner of Public Buildings for GSA. Their needs, as detailed in that letter are:

(1) Location: "We need to remain reasonably close to our established work force. This would be accomplished by a location in the greater Wilkes-Barre area. The location should have available parking for up to 600 cars. At least 100 to 150 of these spaces should be adjacent to the building. The site should have public transportation available. The site should be accessible by trucks, both private and postal."

(2) Size: "In order to most effectively house the SSA data center operations, we need a building of no less than 230,000 square feet of space including . . . 35,000

square feet of computer room quality space . . . 40,000 square feet of office space . . . 56,000 square feet of light industrial work space with 20 foot clear height, a 300 pound floorload capacity, bilevel sprinkler system . . . 26,000 square feet of light industrial work space for receiving and staging some 640 tons of mail per year . . . 35,000 square feet of storage space with 20 foot clear height, 300 pound floorload, warehouse level lighting and a sprinkler system to store 2 years accumulation of W-2 forms . . . 3,000 square feet of lab and clinic space for a health suite. In addition, a full service cafeteria and dining area, capable of serving and seating approximately 350 people at one time. Space will also be needed for the normal building operations and support functions such as; restrooms, loading docks, electrical and telephone closets, machine rooms, etc. The space ideally should be on one floor at ground level in order to facilitate the movement of the vast quantity of paper which we process, and to allow efficient access to the loading docks from which this paper is received and dispatched," according to Mr. Sabatini.

"We do, however, need to relocate our entire operation from the Wyoming Valley and Courtright Buildings at the earliest possible time because the continued operation of these two geographically separated multifloor sites is inefficient and costly to the Government due to the necessity to move tons of paper back and forth between the sites often more than once . . . The ideal solution to SSA's space needs in Wilkes-Barre might be a building designed and constructed specifically to house our data center operation . . . Expanding workloads and inadequate facilities make our need for additional and improved space immediate," added Mr. Sabatini.

I have included all of this material from Mr. Sabatini because I believe it is vitally important that we understand the magnitude of the workload at the Wilkes-Barre DOC, the urgent need of SSA to consolidate their facilities, and the building and space requirements necessary to meet SSA's operational needs. As you can see, the volume of work performed at the Wilkes-Barre DOC facility is enormous. It makes little sense to continue to allow their operations to be restricted by inadequate facilities that require duplication of effort, increased expenditures, and loss of efficiency.

Yet in spite of these barriers, the productivity of the employees at the Wilkes-Barre DOC has been exemplary. As I previously mentioned, I have been informed by officials of the Social Security Administration that the productivity level of our workers is 25 percent higher than any other office in the country. And this is under the adverse conditions and restraints they now face. I have no doubt that under the optimum working conditions envisioned by a consolidation, this office would be not only be the most productive but also the most efficient in the country.

I believe that the discussions concerning the location of the consolidated SSA building must also include consideration of the impact on the surrounding communities. As you may be aware, the Northeastern Pennsylvania area has suffered from high unemployment, loss of population, a declining tax base, and a loss of many of our basic industries. For many years the region depended upon the coal industry as it's major employer and industry. The region still contains 97 percent of the worlds supply of anthracite coal. Unfortunately, the high demand for coal has been greatly diminished for many years now. The textile and apparel manufacturing industries have been the region's major employer for the last 20 years. Currently some 22,000 direct jobs in my District and another 20,000 related jobs are in the textile and apparel industries. Most of these jobs are now in jeopardy as inexpensive imports threaten to devour our domestic market. It is critical to our region that the 1,200 jobs associated with the SSA not be lost through contracting out of services or because of inadequate facilities.

As was already stated in Mr. Sabatini's letter, the new facility should be located in the Wilkes-Barre area. The present downtown site is vitally important to the future economic growth of the city. We have undertaken an extensive rehabilitation of downtown Wilkes-Barre since the flood caused by Hurricane Agnes in 1972 destroyed much of our city. This rehabilitation has been a long hard struggle but we have made steady progress. The location of a major government employer with 1,200 employees in our downtown area is crucial if we are to continue our comeback.

The downtown area is already equipped to provide the support services necessary for such a large employer. In addition to easy access to public transportation, the downtown area offers convenient access to restaurants, shopping facilities, hotels, recreation areas and other amenities necessary to support a work force of 1,200 employees. A downtown location would also serve to attract additional businesses and entreprenuers to our area.

For many of the reasons in support of a downtown location, there are disadvantages to locating out of the city area. Public transportation is not as accessible in some areas and not available in others. The support system of restaurants, stores,

shops, and other amenities are not readily available. In addition, some of the outer areas are not equipped to handle the volume of traffic that would result from the workers' commute.

I would now like to discuss several of the alternatives that have been developed over the past several years which have been the subject of much debate. For far too long now this consolidation plan has been discussed, studied and talked about. It is now time for action.

The first option is the recommendation that this Committee made in 1982 for the lease-construction of a new facility. That prospectus would have provided for the leased construction of a three-story facility to house the SSA Data Processing Center and five other Federal agencies, now located in three separate leased buildings. GSA would be authorized to negotiate and award the lease based on the fair annual rental of the space as determined by an appraisal and without an annual rental limitation in the prospectus. GSA would be authorized to negotiate and award the lease based on the fair annual rental of the space as determined by an appraisal and without an annual rental limitation in the prospectus. This prospectus constituted authority for 30 years of leasing including the initial term and any future renewals or succeeding leases that may have been required. It was estimated in 1982 that the annual cost range would be $2,995,850 to $4,003,750. The total estimated lease cost range was $89,875,500 to $120,112,500. While both SSA and GSA supported this Committee's recommendation in 1982, the Senate failed to approve it. I believe that lease-construction is still a viable and cost-efficient solution to this situation.

A second alternative is the renovation of the Luzerne Products Building, which the Army Corps of Engineers recommended to the Senate. Total costs in 1983 for this project were estimated to be $19 million. The renovation costs for the building were estimated to be $14 million and the purchase price was $5.2 million. This building is located in Plains Township and SSA is currently renting about 60,000 square feet of this property. Use at this facility for the consolidated SSA building would remove 200,000 square feet of industrial property from our current available inventory. In addition, the Luzerne Products Building is located in Plains Township and would present logistical, support, and traffic problems.

A third alternative is maintaining operations at the current primary location in the Wyoming Valley Veterans Administration Building in downtown Wilkes-Barre. This facility would also need substantial rehabilitation if it is to meet the total overall needs of the SSA. The SSA is planning to redesign the AWR system and planning to upgrade the computer facilities to improve productivity and efficiency. In order to implement these changes, extensive and costly modifications to the electrical and air-conditioning systems of the Veterans' Administration Building would be necessary.

A fourth alternative would be the construction by GSA of a new Federal Building. The estimated costs of building such a facility have ranged between $25 million and $40 million. It has also been estimated that this method would require at least five years to complete construction which would not satisfy SSA's immediate needs or the needs associated with the redesigning in 1987 of their AWR system. In addition, it is highly unlikely that the Office of Management and Budget and the Senate would approve appropriations of the necessary funds. A federal building of this type would also remove the property from the local tax base.

A fifth alternative would be for the City of Wilkes-Barre to construct the facility and lease the building to the Federal Government. The city could finance the construction through a 20 year bond issue. I believe that this is an option that should be pursued further. It offers the possibility of combining aspects of lease and new construction, while keeping the costs to the federal government at a level competitive with the other alternatives.

I would like to conclude by outlining those steps I feel must be completed if we are to bring this project to fruition. I would like this Subcommittee to review the testimony heard here today and report its findings and recommendations as to the best method to achieve the resolution of the current impasse. I would then like us to move this matter through the Appropriations Committee of the House of Representatives as quickly as possible. While there have been stories circulated that the Senate Environment and Public Works Committee now supports the construction of a new facility, I have yet to see any action on this plan. I hope that they do indeed support this course of action and that they will soon move quickly to approve this project. If we do achieve successful passage in the House, I trust that SSA and GSA will assist us by doing everything in their power to achieve passage in the Senate and to gain the support of the Administration.

Mr. Chairman, the people of my District are hard-working, dedicated citizens who still believe in the American dream. Many are the sons and daughters of first, second and third generation immigrants who have worked here in the coal mines, the textile and apparel industries, and many other labor-intensive blue collar industries. We all know that our society is rapidly moving towards a high-tech, information economy. The Wilkes-Barre Data Operations Center represents not only a major employer but an employer in that sector of the economy that is growing fastest. If our region is to be competitive with other areas of this country and the world, we must be able to offer jobs in those employment sectors of the future. The construction of a new SSA Data Processing Center would assist us enormously in our efforts to modernize and diversify our local economic base. It would also provide us with an anchor which we could use to attract other high-tech industries. I firmly believe that the 21st century will bring better times for the residents of Northeastern Pennsylvania but only if we have the strength and courage to make the right decisions today.

Once again, I would like to sincerely thank Chairman Young and Congressman Shaw for taking the time from their busy schedules and come to Northeastern Pennsylvania today.

Mr. YOUNG. Our next witness will be the mayor of Wilkes-Barre, Hon. Thomas V. McLaughlin.

## TESTIMONY OF THOMAS V. McLAUGHLIN, MAYOR, CITY OF WILKES-BARRE, PA

Mr. MCLAUGHLIN. Good afternoon, ladies and gentlemen.

Thank you, Mr. Chairman and Congressmen—thank you for giving me the opportunity to appear here today.

The city of Wilkes-Barre is defined as a distressed community by the Department of Housing and Urban Development. Unemployment rates far exceed State and national averages, and weekly and hourly wage rates are well below State and national norms.

In 1977, the city was contacted by the Social Security Administration concerning the consolidation of their operations in this region into one downtown Wilkes-Barre complex.

Faced with staggering negative economic conditions and potential loss of valuable Social Security jobs in the community, the city of Wilkes-Barre, on June 5, 1978, granted a General Services Administration request to reserve a 10-acre tract of urban renewal land in downtown Wilkes-Barre for the location of the proposed SSA facility.

Almost 7 years later, a moratorium continues to exist on the development of those 10 acres of land in the hopes that the Congress will move ahead and decide to construct finally this facility.

Recently, the city of Wilkes-Barre has gone so far as to agree to donate the land to the GSA. This land is valued at a $136,000. The construction of the SSA facility in downtown Wilkes-Barre is considered by local officials to be one of the most positive economic development efforts to occur in Wilkes-Barre in years. Almost 500 SSA employees are located directly in downtown Wilkes-Barre.

Studies have shown that downtown merchants conduct 60 percent of all business between 9 a.m. and 5 p.m. The majority of these shoppers are downtown workers. The loss of 500 jobs in downtown would be staggering. However, the consolidation of somewhere in the neighborhood of 700 more SSA jobs in the downtown would greatly enhance and stabilize the city's downtown, and provide for new downtown merchant opportunities.

The impact of the consolidation of these jobs in the downtown can be equated to a decision by a major corporation to locate their offices in our center city.

In private industries, decisions are made which are beneficial to the company. SSA officials have reported the work productivity in the Wilkes-Barre operation is impressive. These officials have indicated the workers at the Wilkes-Barre location find files which are requested to be retrieved some 98 percent of the time.

At the other SSA locations, this success rate is reported to be only 50 percent. To move the SSA operation from our area would be bad company decision. Private industry would not act that way.

The fact that 95 percent of all these very productive employees live within 4 miles of our city continues to reinforce the smart business it makes to build on the downtown 10-acre tract lot.

Finally, the city is ready to accommodate the project immediately. Land is cleared and deeds can be transferred upon notification of the GSA. The city is ready right now to move on with this important undertaking. We request Congress to move ahead with same diligence.

Thank you so much.

Mr. YOUNG. Thank you very much, Mayor.

The last two censuses, can you remember the 1980 census and the 1970 census for the city?

Mr. MCLAUGHLIN. Our last census was 51,000.

Mr. YOUNG. And, how does that compare with 1970?

Mr. MCLAUGHLIN. Our 1970 census was around 56,000.

Mr. YOUNG. You went down just a little bit.

Mr. MCLAUGHLIN. Down just a little, yes.

Mr. YOUNG. I was very much impressed with the downtown square there although I did not have much chance to visit it. We appreciate your hospitality, Mayor.

The reason the committee is up here is to try to arrive at some sort of a decision. We can appreciate the problems that any mayor would have of any municipality and particularly our distinguished ranking minority member, the former mayor of Fort Lauderdale. So, he understands those problems and building problems pretty well, too.

He has been extremely important to this committee these last 3 years in being able to understand the problems that some of the mayors have throughout the other municipalities when Uncle Sam comes in and tells you what to do.

So, I do appreciate your statement.

Mr. MCLAUGHLIN. Thank you.

Mr. YOUNG. Mr. Shaw.

Mr. SHAW. Our colleague's proposal with regard to the city building the facility and leasing it to the Federal Government. At that point, was he speaking for the city? Has that been the city's position or was he speaking to his own opinion as to the preference of the city?

Mr. MCLAUGHLIN. Well, the Congressman has addressed this in the past, on this particular issue. He has made our city council aware of what he thought would be a good proposal.

We think any proposal would be a good proposal because we have been waiting so long to get this project underway, keeping

that 10-acre tract area of land in our city, that 10-acre tract of land in the middle of our town is very important to us, and, of course, you saw that today as you came in.

You know how important it could be to our economy to know one way or another, and we have been waiting for over 7 years for an answer to this.

Mr. SHAW. How would the city finance the project if it were to construct the building?

Mr. MCLAUGHLIN. I would think we would have to separately form an authority to do that. I am sure of that. I think that it would take an awful lot from the area banks. I think it would mean so much employment-wise that we could set up a long-term agreement with the Federal Government to know the financing is behind them, I think our local banks and even the banks throughout the State would take a part in the project.

Mr. SHAW. It would be tax-free municipal bonds?

Mr. MCLAUGHLIN. Yes.

Mr. SHAW. Thank you.

Mr. MCLAUGHLIN. I thank you for the opportunity.

Mr. KANJORSKI. Mayor, just one second, please.

I want to thank you very much for the time that you spent in the past, over the last 6 months, discussing this issue specifically with me, and your willingness to be a leading factor in the city.

I know we have the president of the council here, too, and I want to say that Wilkes-Barre City, under your administration, and the presidency of Mr. Reilly reflects that, and as I told the gentlemen here on the committee, just how strong our political leadership is to move this city along, and it gives me a lot of pride to go down and represent public officials such as yourselves.

So, I want to compliment you.

Mr. MCLAUGHLIN. Thank you, Congressman.

Mr. YOUNG. Thank you, Mayor.

Our next witness will be Ms. Marilyn O'Connell, the Director of Office of Materiel Resources, Social Security Administration, Baltimore, MD.

Ms. O'Connell, welcome to the committee.

If you have a prepared statement, it will be made a part of the record, and you can summarize——

Ms. O'CONNELL. If you have no objection, I would like to do that.

Mr. YOUNG. Without objection.

**TESTIMONY OF MARILYN O'CONNELL, DIRECTOR, OFFICE OF MATERIEL RESOURCES, SOCIAL SECURITY ADMINISTRATION, BALTIMORE, MD**

Ms. O'CONNELL. I am Marilyn O'Connell, representing the Social Security Administration, and the Department of Health and Human Services.

As you gentlemen know, the Social Security Administration is responsible for the administration of the Retirement and Survivors' Insurance, Disability Insurance, and Supplemental Security Income Programs. Our Office of Central Operations, through the three data operations centers, has as one of its missions responsibility for the processing of earnings information received from approximate-

ly 6 million employers and the responsibility for translating this earnings information from paper into a format acceptable to the SSA central computer data base and to the Internal Revenue Service. All told, the data operations centers are responsible for well over 100 different data conversion activities.

The oldest and largest of these centers opened in 1945 in the Wilkes-Barre Data Operations Center.

This facility employs, at peak workload times, approximately 1,100 employees located in 4 separated buildings. Each year, this center alone processes about 60 million annual wage reports, W-2's and W-3's, reflecting about $730 billion in gross wages, over $81 billion in employer/employee gross taxes, and maintains about 9 million supplemental security income folders in an active storage file.

In addition, the Wilkes-Barre center processes about 2.5 million requests for earnings records received from the public, and about 2.8 million Social Security number applications.

As you heard today, this center has historically been one of SSA's most productive operations with a dedicated, highly motivated and stable work force. The high level of productivity has been more than sustained in spite of adverse circumstances, such as the 1972 flood which temporarily closed the operation.

In 1979, the change from quarterly to annual earnings reporting resulted in a split of operations into two separate buildings, the Veterans Administration and Courtright Building. A third site in the Penn Place Building is used for storage. In 1983, we acquired over 58,000 square feet in the Luzerne Products Building to store supplemental security income files.

The current split of operations causes inefficiencies and increased administrative and operating costs due to the need for duplicate receiving and storage, increased security needs, additional rent and utility costs, and the inaccessibility of vital records, as well as the added cost for transportation of workload and staff between buildings as the work moves through various operations. In addition, the age of the buildings has made various major renovations necessary over the past 10 years.

Furthermore, SSA is in the process of redesigning the annual wage reporting system. The redesign is an integral part of SSA's system modernization plan which has been approved by Congress and is a primary objective of the Commissioner of Social Security.

The annual wage reporting redesign will modernize the processing of employer wage reports and allow more rapid and accurate posting of earnings to individual accounts and a quicker transfer of validated earnings data to the Internal Revenue Service.

The facility modifications necessary to implement this redesign in the current buildings will cost the Government about $3.3 million. Housing new computer equipment necessary for the redesign will require construction of new computer sites and the provision of high-quality electrical power and air-conditioning in all data operations centers.

The Wilkes-Barre data operations center is housed in antiquated, scattered buildings in which the installation of the sophisticated equipment was never anticipated.

In order to meet SSA's immediate and long-term requirements, we need a one-floor, single occupancy building of about 250,000 square feet of office, computer, storage, light industrial, and general support space in the greater Wilkes-Barre area. This building must have adequate parking and public transportation for employees, be accessible by large trucks and vans which will be delivering tons of paper and be above the 500-year flood plain because of the cost of replacing the records and equipment in the event of a flood.

We have communicated these needs to the General Services Administration and they have been well aware of them for some time, as you well know. SSA is willing to support the new construction or purchase and renovation of a suitable existing property. In addition, we could accept phased occupancy of a part of the building which could support the annual wage reporting processing portion of the operation.

Of course, the General Services Administration has the responsibilty of meeting all Federal agencies' space needs. We understand that GSA must deal with our requirements with limited national resources in meeting that responsibility. Mr. Chairman, that concludes my prepared statement.

Mr. YOUNG. Thank you very much, Ms. O'Connell.

I have a series of three or four questions I would like to ask you about.

After reviewing the correspondence between the SSA and GSA, I continue to read that the SSA split operation caused inefficiency and increased operating costs in the processing of the workload of nationwide importance.

Could you elaborate on the cost associated with the split operations? Is that not part of what you do? Your background?

Ms. O'CONNELL. Yes. Mr. Chairman, as I tried to describe very briefly, we are processing the W-2's and W-3's that come in from employers. This is a circular type of operation where these are taken to either scanners or keyers to be input, then go through a balancing operation, through a microfilming and storage.

In order to do this, since we are split between the Courtright and the Veterans' Administration buildings, we are literally trucking these tons of paper back and forth between these buildings and up and down among the floors of those buildings.

We feel this is a very inefficient way of operating. We are, in addition, moving staff because the staff here does not do one single job. Much of the staff moves with the operation.

Mr. YOUNG. I see. I did not realize that. I guess we did not ask that question before. They move with the work.

Ms. O'CONNELL. Many of them move with the work. So, we are, in fact, transporting staff between buildings at times, too.

Mr. YOUNG. The regional administrator at GSA in Philadelphia recently recommended construction of a building necessary for the consolidation of the SSA at a cost of $18 to $22 million.

Shortly thereafter, the Office of OMB in Washington questioned the need for this consolidation and construction of the facility. I understand there are reservations based on numerous factors, including the fact that SSA is moving away from paper reporting to electronic processing, whereby less employees would be necessary, as well as the fact that all storage activity at SSA will be subject to

an A-76 review, which is contracting out for services, as opposed to having those done in-house.

Would you care to comment to that? I know that is one of the questions that I received when I had an opportunity to speak to a couple of the ladies over there at the Veterans building a little while ago. They were pretty much concerned about that contracting out for services.

Ms. O'CONNELL. In respect to the first part of the question, the agency is encouraging employers to report earnings through magnetic media, such as computer tape or disc.

Mr. YOUNG. Is this relatively new?

Ms. O'CONNELL. That has been done over the years, but we are really encouraging them to increase magnetic media reporting. Current workload projections are that we will still have a large number reporting on paper because of the many small employers and the total workload is increasing. We do not anticipate that we would ever be out of work.

Mr. YOUNG. Did you say that you process here 6 million W-2 and W-3's?

Ms. O'CONNELL. That is correct.

Mr. YOUNG. So, the other facilities around the country——

Ms. O'CONNELL. Do the rest. I believe, Wilkes-Barre does about 40 percent of the workload. The other two in Salinas and Albuquerque do the rest.

With respect to the A-76, as the acting commissioner said when Mr. Kanjorski was before the Ways and Means Subcommittee on Social Security on April 3, we do not have any positions in the data operations centers scheduled to be contracted out.

We are looking at all jobs in our organization in terms of how we can best manage. We do what is called a management review to look at how it can best be done. If there is an activity that we feel can be done cheaper and better by contracting out, we will do so, but we do not anticipate the data operations centers being contracted out.

Mr. YOUNG. I see. I think you indicated there were two other places besides Wilkes-Barre?

Ms. O'CONNELL. That is correct.

Mr. YOUNG. They are owned by SSA? They are owned, currently occupied?

Ms. O'CONNELL. Occupied by SSA.

Mr. YOUNG. All right. By SSA. This next question just relates to personnel nationwide. I am sure that we will get enough of that when we have further hearings in Washington.

Well, that is fine, Ms. O'Connell. I wonder if Mr. Shaw wants to ask questions of Ms. O'Connell.

Mr. SHAW. Yes; I do. You testified that your square foot needs are around a quarter of a million square feet. Would that meet your needs through the year 2000 also?

Ms. O'CONNELL. We believe that is a good number.

Mr. SHAW. You also, in your testimony, made reference to a 500-year flood plain. Now, where would that put it? Is there anything that meets that description that is presently in consideration or that is in downtown Wilkes-Barre?

Ms. O'CONNELL. I really cannot answer that, sir. I think GSA or perhaps the city would have to answer that.

Mr. SHAW. OK, you also mentioned the delivery facilities. I heard this morning the need for a loading dock while we were over at the Veterans building.

Would that type of facility lend itself to the downtown area?

Ms. O'CONNELL. Again, we would really leave that up to the architects and the General Services Administration. We feel that they can find something that would meet our needs.

Mr. SHAW. A question came up this morning, when we were talking about looking at the storage facilities. Why do you keep the W-2 forms after they are microfilmed?

Ms. O'CONNELL. IRS requires that we keep those for, I believe, 2 years, and then they are moved out for storage.

Mr. SHAW. We had that answer this morning. Why does IRS require that?

Ms. O'CONNELL. I really cannot answer that, but I can give you what I think is the answer. I believe it is a legal requirement because the courts do not always accept microfilm.

Mr. SHAW. Paul and I are both lawyers. I used to be a CPA, too, and I was a little bit surprised by that. We simply could change the law to provide that that be taken care of, particularly when you are talking about how precious space is. The storage facility seems to be a very expensive operation.

One last question. How does this facility compare with the other two Social Security facilities as to efficiency of operations?

Ms. O'CONNELL. Over the years, this has had the highest productivity and been the most efficient in spite of the split operations. It has been the most efficient of them.

Mr. SHAW. And you are from Baltimore, not Wilkes-Barre?

Ms. O'CONNELL. I am from Baltimore.

Mr. SHAW. I yield back, Mr. Chairman.

Mr. YOUNG. Thank you, Mr. Shaw.

Representative Kanjorski.

Mr. KANJORSKI. Thank you very much, Ms. O'Connell, for coming to Wilkes-Barre. We certainly like to see those folks from Baltimore up here.

You know that this has been under consideration for 10 years now.

Ms. O'CONNELL. Yes, sir.

Mr. KANJORSKI. Is there any process that we can put together, the Social Security Administration, the GSA, and I guess the rest of the U.S. Government, to get this thing done? It seems to me that 10 years to just house an agency is an awfully long time, and I further have gone into some study and found some averages that it takes, from the time of the decision to actual construction, a little over 5 years, if the Government decides to build.

So, is there anything we can put in place or recommend to be put in place that your agency can teamwork with GSA and the rest of us in the Government to get this thing done within the next 1 or 2 years, to make—I think we have an 1987 deadline, do we not?

Ms. O'CONNELL. For our annual wage reporting redesign, yes.

Mr. KANJORSKI. What happens if we do not meet that deadline?

Ms. O'CONNELL. We would have to put it in place at the current locations.

Mr. KANJORSKI. What would that cost the U.S. taxpayers?

Ms. O'CONNELL. We estimate around $3 million.

Mr. KANJORSKI. So that if we do not take action now and get this housing solved within the next 2 years, we are going to throw away $3 million, if we decide then to build the space somewhere else, is that correct?

Ms. O'CONNELL. I do not know that it is thrown away.

Mr. KANJORSKI. Well, will it be able to be used by the U.S. Government for any other purpose once that money is expended on the present location?

Ms. O'CONNELL. I really do not know.

Mr. KANJORSKI. I see.

Ms. O'CONNELL. I think GSA would have to answer that.

Mr. KANJORSKI. OK. Well, getting to the GSA and SSA and OMB and all the alphabetical agencies that I, as a Congressman, have now have learned to live with, somewhat like eating spaghetti, I may say, we have been in contact with the Office of Management and Budget, and they seem to indicate to us that the SSA examiner needs more info on the SSA programs prior to any decisionmaking process in this area.

Do you have any information or light you could shed on this?

Ms. O'CONNELL. We have tried, to the best of our ability, to answer the questions that have been given to us, and we do not know whether the examiner has accepted them or not.

Mr. KANJORSKI. When will we in Government know whether the examiner makes—I mean, I am not trying to be facetious with you, Ms. O'Connell, or antagonistic. When will we have an idea, though, that everybody is on board and put their thing together and put their ducks in line, as I said in my testimony?

I mean, is it possible for us to stay on top of SSA, GSA, the House subcommittees and committees, and the House itself, and the Senate subcommittees and committees, and the Senate itself, and then, God forbid, the administration? I mean, we have to, it seems to me, put a team in place that starts off with the conclusions that we have an objective; the building of that facility in Wilkes-Barre by a certain date, and backing up from that date, what are we all going to do to make that a reality?

Ms. O'CONNELL. I wish I could answer that, but I do not think I am in a position to respond.

Mr. KANJORSKI. Who, in your agency, would be in a position to respond?

Ms. O'CONNELL. I am not sure anybody.

Mr. KANJORSKI. You mean we are without the capacity of having that decision——

Ms. O'CONNELL. I would say you might want to pose that question to the General Services Administration.

Mr. KANJORSKI. To the General Services Administration.

Mr. YOUNG. To whom?

Ms. O'CONNELL. General Services Administration.

Mr. KANJORSKI. Now, let me ask you just a couple of more questions. The other facilities are in Salinas and where else?

Ms. O'CONNELL. Salinas, CA and Albuquerque, NM.

Mr. KANJORSKI. And, Albuquerque. Are those two facilities in Federal buildings constructed by the U.S. Government?

Ms. O'CONNELL. No, sir; they are not.

Mr. KANJORSKI. Are they not existing facilities that have been built in the relatively short term? What period of time were they built in?

Ms. O'CONNELL. Salinas opened in about mid-1970, early 1970's, and that was built to lease to SSA as the type of space that we wanted.

Albuquerque, I believe, was earlier. I could not tell you right now when it was opened.

Mr. KANJORSKI. So that it would be—if this building were a construction lease building, it would be consistent with the other two facilities? That if, in fact, the Federal Government builds this building, that is an extraordinary change from policy, is it not?

Ms. O'CONNELL. All methods of space procurement are used in the Federal Government programs.

Mr. KANJORSKI. Do you have a handle on—am I correct or incorrect when I hear the expression that if the GSA or the Government is to build a building from decision to final occupancy, it is about 5 years? Is that something that you have heard or is that just a Washington myth? I do not know.

Ms. O'CONNELL. I think again the General Services Administration would have to answer that since they really are the agency responsible for construction.

Mr. KANJORSKI. Would you be the individual in the SSA that could be called upon to put on a task force for SSA, a charge individual, to get this job done? Do you have that within your direct concern?

Ms. O'CONNELL. Certainly.

Mr. KANJORSKI. If we get the acquiescence of the General Services Administration for the same purpose, to put someone on a task force together with the House and Senate, would you participate in doing that?

Ms. O'CONNELL. If the Commissioner of Social Security so desired, I certainly would.

Mr. KANJORSKI. Do you have any reason to assume that she would not?

Ms. O'CONNELL. No, I do not.

Mr. YOUNG. Paul, may I?

Ms. O'CONNELL. But I do not think I can make a commitment right now.

Mr. YOUNG. Ms. O'Connell, you have the Administrator——

Ms. O'CONNELL. Pardon?

Mr. YOUNG. You have the Administrator of the Social Security.

Ms. O'CONNELL. Commissioner.

Mr. YOUNG. Commissioner? And, then, another Assistant Commissioner.

Ms. O'CONNELL. Deputy Commissioner.

Mr. YOUNG. Deputy Commissioner, and then you are the Director of Materiel Resources.

Ms. O'CONNELL. Yes, sir. I work for the Deputy Commissioner for Management and Assessment, Mr. Sabatini.

Mr. YOUNG. All right. Any other questions of Ms. O'Connell?

[No response.]

Mr. YOUNG. Ms. O'Connell, thank you very much.

[Ms. O'Connell's prepared statement follows:]

STATEMENT OF MARILYN G. O'CONNELL, DIRECTOR, OFFICE OF MATERIEL RESOURCES, SOCIAL SECURITY ADMINISTRATION

The Social Security Administration (SSA) is responsible for the administration of the retirement and survivors insurance, disability insurance and Supplemental Security Income (SSI) programs. SSA's Office of Central Operations through its three data operations centers (DOC's) has, as one of its missions, responsibility for the processing of earnings information received from approximately 6 million employers, and the responsibility for translating this earnings information from paper into a format acceptable to the SSA central computer data base and to the Internal Revenue Service (IRS). All told, the DOC's are responsible for well over 100 different data conversion activities.

The oldest and largest of these centers, opened in 1945, is the Wilkes-Barre Data Operations Center (WBDOC). This facility employs, at peak workload times, approximately 1,100 employees, located in four separated buildings. Each year this center alone processes about 60 million Annual Wage reports (W-2's and W-3's) reflecting about $730 billion in gross wages, over $81 billion in employer/employee gross taxes and maintains about 9 million SSI folders in an active storage file. In addition, the WBDOC processes about 2.5 million requests for earnings records received directly from the public and about 2.8 million Social Security number applications.

The Wilkes-Barre operation has historically been one of SSA's most productive operations with a dedicated, highly motivated and stable workforce. A high level of productivity has generally been sustained in spite of adverse circumstances such as the 1972 flood which temporarily closed the operation. In 1979, the change from quarterly to annual earnings reporting necessitated a split of operations into two separate buildings, the Veterans Administration and Courtright Buildings (a third site in the Penn Place building is used for storage). In 1983 we acquired 58,400 square feet in the Luzerne Products Building to store SSI files.

The current split of operations causes inefficiencies and increased administrative and operating costs due to the need for duplicate receiving and storage, increased security needs, additional rents and utilities costs, and the inaccessibility of vital records, as well as added costs for the transportation of workloads and staff between buildings as the work moves through various operations. In addition, the age of the building has made various major renovations necessary over the past 10 years.

Furthermore, SSA is in the process of redesigning the Annual Wage Reporting System (AWRS). The AWRS redesign is an integral part of SSA's Systems Modernization Plan which has been approved by Congress and is a primary objective of the Commissioner of Social Security. AWRS redesign will modernize the processing of employer wage reports and allow more rapid and accurate posting of earnings to individual accounts and a quicker transfer of validated earnings data to the Internal Revenue Service. The facility modifications necessary to implement AWRS will cost the Government about $3.3 million if we remain in our existing Wilkes-Barre buildings.

Housing new computer equipment necessary for AWRS will require construction of new computer sites, and the provision of high quality electrical power and air-conditioning in the DOCs. WBDOC is housed in antiquated, scattered buildings in which the installation of this sophisticated equipment was never anticipated. In order to meet SSA's immediate and long-term requirements, we need a one-floor, single occupancy building of about 250,000 square feet of office, computer, storage, light industrial and general support space in the greater Wilkes-Barre area. This building must have adequate parking and transportation for our employees, be accessible by large trucks and vans which will be delivering tons of paper and be above the 500-year flood plain because of the cost of replacing the records and equipment in the event of a flood. We have communicated our needs to GSA and they have been well aware of them for some time. SSA is willing to support either new construction or purchase and renovation of a suitable existing property. In addition, we could accept phased occupancy of a part of the building which could support the processing portion of the operation.

Of course, GSA has the responsibility of meeting all Federal Agency space needs. We recognize the GSA must necessarily deal with limited national resources in meeting these responsibilities.

Mr. YOUNG. I understand Mr. Robert Reilly, who is chairman of the city council of Wilkes-Barre, would like to make a statement. You may proceed in any manner you like.

**TESTIMONY OF ROBERT F. REILLY, CHAIRMAN, CITY COUNCIL, WILKES-BARRE, PA**

Mr. REILLY. I appreciate your allowing me to speak at this time. I am employed and must return to my employer.

Mr. YOUNG. That is very important.

Mr. REILLY. Yes.

Mr. YOUNG. And, you do not work for the Government?

Mr. REILLY. No, sir. I do not.

Gentlemen, let me first welcome you to our fine city. Your presence here and your interest is certainly a credit to you and to our Congressman, Mr. Kanjorski. But, to get to the heart of being here before you, as chairman of our city council, I know that I speak for all of my colleagues when I say that the importance of the Social Security facility remaining in downtown cannot be overemphasized.

The existing 1,100 approximate jobs as well as the building cannot be lost and moved without causing a severe economic hardship to Wilkes-Barre, an area that already has one of the highest unemployment rates in the State.

Since February 28, 1978, we have reserved a prime real estate parcel with the hopes that the building would be constructed. As late as December 13, 1984, the General Services Administration was given a 6-month exclusive option on this property by the city council.

Wilkes-Barre has come a long way since the devastating flood of 1972. We have worked hard to make the city grow with help from the Federal Government to rebuild and restore our businesses, our homes and our public works. We have an investment and a commitment to this city, not only for the present, but for the future as well.

We want to continue to grow and you gentlemen can help that happen. We need the GSA building and we need it as quickly as we can get it.

To be quite candid, it is essential to our economic stability and survival that these jobs remain and this building be constructed. Therefore, we will continue to cooperate with our Federal Government and its agencies in every way possible to ensure that this facility becomes a reality.

It is our sincere and earnest hope that you will see fit to allow those 1,100 jobs to remain and to see that that building is constructed.

Thank you for giving me this opportunity to speak to you and again, thank you for coming here today.

Mr. YOUNG. Well, thank you for your fine statement, Mr. Reilly. We appreciate your appearance before the subcommittee this afternoon.

Mr. Shaw, do you have any questions of Mr. Reilly?

Mr. SHAW. Yes. Mr. Reilly, Ms. O'Connell made a reference to the 500-year flood plain. I guess that is the right word. Where is

that—does that exist? What is the flood plain or how would you rate the lot that you are talking about?

Mr. REILLY. The lot that we are talking about does sit on the end of the 500-year flood plain, but even in the devastating flood that we had in 1972, the land was barely maybe 6 to 7 inches of water high. That was it.

The building can be constructed as other Federal buildings are in the same area, in such a manner that it would never affect the operation or the efficiency.

Mr. SHAW. The lot that you have is in the 300-year flood plain?

Mr. REILLY. Correct.

Mr. SHAW. One other point I would like to make.

Mr. REILLY. Excuse me. A 500-year plain, sir, probably the whole city of Wilkes-Barre would be under water. It is inconceivable that that——

Mr. SHAW. You would really have to get out of the valley to——

Mr. REILLY. Yes.

Mr. SHAW [continuing]. Be above that. Being from Florida, we are flat and everything just drains off.

Mr. YOUNG. In the basement of one of their Federal buildings down there.

Mr. SHAW. That was designed, I think, by somebody in St. Louis.

Mr. REILLY. In regards to that, there was some confusion on our part with the building up in Plains Township because although the building itself never flooded, but all of the roads going into it and coming out flood on a regular basis far more often than that particular parcel that we offered would ever flood.

Mr. SHAW. I would add just one other comment. I think that it is a very important decision that is before this committee, but with regard to the 1,100 jobs, I think at this particular time, this committee does not have anything to do with that. However, I know of nothing that would put those jobs in jeopardy.

I think the question we are talking about here is the housing and the continuation of these jobs. There is no threat from Washington that I am aware of that these jobs would disappear.

Mr. REILLY. The building of the building, as I spoke at lunch, helps to continue the development of downtown and makes it complete, and a lot of people sweat a lot of hard times trying to make this town, bring this town back, and I think this would be the final thing to really put us over the edge and really fulfill what we have been trying to do for over 13 years.

Mr. SHAW. Having been in city government myself for many years, I certainly appreciate your position on that.

Mr. REILLY. Thank you very much.

Mr. YOUNG. Thank you, Mr. Reilly.

Mr. Kanjorski.

Mr. KANJORSKI. Mr. Reilly, we discussed in the past at several sessions the opportunity, if need be, that the city of Wilkes-Barre would be the owner/developer of the facility if that would be the most speedy way or most economical way for the Federal Government to do it, through either an Authority or Direct Construction Program, as long as the interest, principal and payment in lieu of taxes were made to the city to cover this cost.

Do you feel there is any reason that you and the council of the city of Wilkes-Barre would not continue to honor that commitment?

Mr. REILLY. No, sir. In meetings with you, yes, we have discussed that, and, again, the attitude of those members of the council that I have spoken with and that is all of them, they are in favor of getting this building because of the immense impact it would have on our downtown and they will do what we have to do to get the building built.

Mr. KANJORSKI. Thank you very much.

Mr. YOUNG. Thank you, Mr. Reilly.

Our next witnesses will be Mr. Al Iudicello, the director of the facility planning task force, General Services Administration, Washington, DC, and Mr. George P. Cordes, regional administrator, region 3, Philadelphia General Services Administration.

Welcome, gentlemen, and Mr. Iudicello, without objection, any prepared statement will be made a part of the record, and you can go ahead, sir, and proceed.

**TESTIMONY OF AL IUDICELLO, DIRECTOR, FACILITY PLANNING TASK FORCE, GENERAL SERVICES ADMINISTRATION, WASHINGTON, DC, AND GEORGE P. CORDES, REGIONAL ADMINISTRATOR, REGION 3, PHILADELPHIA GENERAL SERVICES ADMINISTRATION**

Mr. IUDICELLO. Thank you, Mr. Chairman.

My name is Al Iudicello. I am the Director of Planning for the Public Building Service in the General Services Administration in Washington, DC.

On my right is Mr. George Cordes, who is our Regional Administrator, for the General Services Administration in region 3, within whose responsibility this project lies.

We are pleased to have this opportunity to testify on the Wilkes-Barre Social Security Administration Data Center on behalf of the General Services Administration.

I am sure this committee shares our concern that appropriate facilities be provided for the SSA data processing function at the lowest possible cost to the taxpayers.

With competing demands for limited capital investment funds, the cost of any of these proposals to change current housing requirements must be carefully analyzed.

As you know, we are in the process of this analysis at this time. Because of other higher priority, capital investment projects, we have no current plans to submit a construction project for SSA requirements in Wilkes-Barre this year. We are in the beginning phases of our fiscal year 1987 planning cycle, and, again, in an era of fiscal constraint.

The Wilkes-Barre SSA project proposal, which is in the range of $20 million or more, will be considered in this cycle, but it will be among many equally important projects competing for limited capital and investment resources around this Nation.

The competing demand includes high priority fire and life safety, asbestos removal, and major repair and alteration projects for an

inventory of Government-owned buildings around the Nation whose average age is over 35 years.

Competing for the same funds are new construction and building purchase projects to replace expensive lease space in some of our major communities. These major communities have been identified as our top priorities for capital investment projects because of their high rate of return on the dollar.

We know we have more demands than our limited resources can support, and, as a consequence, many worthy projects will be deferred.

I summarize my statement and would like to ask, with the permission of the Chairman, if Mr. Cordes may address your committee at this time?

Mr. YOUNG. Yes; I think that would be fine.

Mr. Cordes, would you like to make your opening statement?

Mr. CORDES. Mr. Chairman, I will just summarize the pertinent points in the statement that I have submitted.

Most recently, GSA made what we consider the most comprehensive analysis of the situation to date, that being the data operations center of the Social Security in Wilkes-Barre. We have concluded that if the administration determines that a consolidation of SSA is appropriate, those consolidation requirements would best be met by the construction of a new facility at the city-owned site in Wilkes-Barre.

The region examined the possible purchase and renovation of the Luzerne Products Building as an alternative to new construction. The long-term economic analysis proved new construction to be more cost-effective than the purchase and renovation of the Luzerne Products Building.

Certainly, if consolidation were not required, we would agree that on a strictly cost basis, status quo is cheaper. However, the region is convinced that construction would be the most cost-effective alternative for consolidation.

Mr. YOUNG. Mr. Iudicello, what agencies are located in Wilkes-Barre, and what are the costs at the present time? And, then, second, have you had a recent conversation with the Office of OMB concerning the construction of the new building in Wilkes-Barre?

Mr. IUDICELLO. Among the major agencies located here are the SSA facility, the Veterans' Administration, and I could go down the housing plan if you so care for the record.

Mr. YOUNG. What are the total costs of the agencies that are located in Wilkes-Barre right now?

Mr. IUDICELLO. The current leasing rates in the city that I am aware of are for the SSA facilities, under current market circumstances, are in the range of $4 to $8 per square foot in the facilities that we lease.

I think our average costs, I would have to defer to Mr. Cordes' staff here for the total square footage, but I would believe it to be in the range of $4 to $8 a square foot.

Mr. YOUNG. In the Luzerne Building, they were relocated from Chicago. Are you familiar with that situation?

Mr. IUDICELLO. Yes. The records——

Mr. YOUNG. Does it make any difference where these records are stored?

Mr. IUDICELLO. To the best of my knowledge, the operations can exist either place. I would like to defer that question to the SSA as an operational matter, if I could.

Mr. YOUNG. OK. I understand that the owners of the Wyoming Building property in which SSA is partially currently housed have offered to construct an adjacent building to consolidate the SSA. Is there such a situation?

Mr. IUDICELLO. I do not believe that has been presented to our headquarters office. It may have been presented to our regional office.

Mr. CORDES. No formal. I met with Mr. Hagedorn and representatives of the current lessor at the site with members of my staff approximately 1 year ago where that possibility was discussed. No formal proposal has ever been received or analyzed or factored into any costs.

Mr. YOUNG. So, it was just a very informal meeting? It was not presented——

Mr. CORDES. It did not meet—the reason it was never submitted, nothing was ever received in any formal way, it did not meet the minimum requirements that Social Security, Ms. O'Connell had spoken to earlier, 1-story operation and what we felt their reaction to some of the multistory situations were overstated and so forth. It would not cause it to be anything that they would seriously consider without a great struggle.

Mr. YOUNG. We have not had a chance to see the Wyoming Building yet, which I would hope——

[Pause.]

Mr. YOUNG. The gentleman from Florida—do you have any questions of GSA?

Mr. SHAW. Yes, sir. I am looking at a housing plan under prospectus No. PPA–79003, and I see a whole myriad of Federal agencies scattered around in various places.

Does your consolidation effort view these agencies, or are we just talking about the Social Security Administration?

Mr. IUDICELLO. We have examined both situations. A consolidation which handles just the SSA space as well as consolidated which would collect the balance of the agencies in leased space in the Wilkes-Barre area.

Mr. SHAW. How many locations do we have all around here? I am speaking of all agencies now?

Mr. CORDES. We have another lease construction building near the city-owned site which houses a multitude of agencies, but it is a long-term lease with option, really not something that has been under discussion.

But we have several other leased locations——

Mr. SHAW. Is that already in place?

Mr. CORDES. Yes, sir.

Mr. SHAW. In place?

Mr. CORDES. Yes. We have the U.S. courts and the postal facility. We have the Department of Labor at another facility in the downtown area.

Mr. SHAW. Have we got these tabulated out so that we could look at one source and tell at what point these various leases come due, and what do we see as far as what the present rental rate and the

projected rental rate—looking at the existing rental rates, it obviously does not make any sense to construct, from just a dollar-and-cents standpoint and the cost of borrowing money.

But, of course, many of these leases are coming up for renewal. So, we have to not only consider existing leases, but project out what leases are going to cost in the future.

Mr. Iudicello, what is the life cycle cost of the alternative? Also include in your answer the status quo.

Mr. IUDICELLO. The status quo alternative is significantly less expense over the life cycle by $5 to $7 million over the alternative to construct a new facility or to perhaps renovate a purchased building, let us say the Luzerne Products Building.

It is a significant difference in our line of work.

Mr. SHAW. Well, nobody seems to like the Luzerne Products Building.

Mr. IUDICELLO. From a cost point of view, it is among the most expensive of the alternatives.

Mr. SHAW. Well, the Congressman did not like it, the city does not seem to like it, and if you do not like it, I can tell you that Bob and I do not like it.

Mr. YOUNG. We will strike it from the list.

Mr. SHAW. Would you furnish us the numbers on the alternatives regarding the question I asked you?

Mr. IUDICELLO. I would be happy to.

Mr. SHAW. I am going to hold my other questions because I know that you are always available in Washington, and we do have a schedule to keep.

Mr. KANJORSKI. I am not sure I understand your statement. We have no current plans to submit a project for SSA requirements in Wilkes-Barre construction this year?

Mr. IUDICELLO. That is correct, sir.

Mr. KANJORSKI. Well, Mr. Cordes, did we not meet on the site 3 months ago, and you told us within 6 weeks, that site would be approved and we would be on our way for a building?

Mr. CORDES. No, Congressman. When I met you on the site, it was at the time that we had made the recommendation to Washington, that would be announced in response to numerous questions about the multitude of possibilities.

Scenarios were set up about the time it would take for various stages along the process for funding, and if my recollection serves me, and I am not familiar with the exact date of the news conference, but I do remember specifically the question about the submission to the Office of Management and Budget, and I did say that—I did respond that that recommendation could go to the Office of Management and Budget by some time in late April, and then it would be, depending on how long the Office of Management and Budget dealt with the project, it would go on to Congress, and I could not make a comment as to how long it would take after that.

Mr. KANJORSKI. Well, am I to understand now if we take Mr. Iudicello's testimony, that that recommendation from GSA is not going to be made from OMB, is that correct?

Mr. CORDES. I cannot speak for Mr. Iudicello. I do know that there are questions about the need for the consolidation. Only Mr. Iudicello can——

Mr. KANJORSKI. Has the recommendation gone on to the Office of Management and Budget?

Mr. CORDES. I cannot answer that. Only he can.

Mr. IUDICELLO. It has not.

Mr. KANJORSKI. You mean that we had a U.S. Senator, a Congressman, and the Administrators from GSA up here and headlines in the paper that within 6 weeks, a decision was going to be made to build a building in downtown Wilkes-Barre, and none of that has been done and not even the submission to the administration for approval has been made?

Mr. IUDICELLO. I would hope that the—I believe—my understanding of Mr. Cordes' statement was that the project could, if passed all the approval authority, reach GSA and the Congress, OMB and Congress, in those timeframes.

However, at that time, the project had not cleared central office or the rack-up against other priorities around the country.

Mr. KANJORSKI. Has it cleared now?

Mr. IUDICELLO. It has not.

Mr. KANJORSKI. It is not going to clear this year. Is that what you are telling me?

Mr. IUDICELLO. Yes, sir; that is correct.

Mr. KANJORSKI. In other words, it has been turned down as a recommendation for this year?

Mr. IUDICELLO. It is—that is correct.

Mr. KANJORSKI. Why does not the Congressman get this information from you? What are you waiting for out there at GSA? Are you communicating with somebody else that we are not aware of?

Mr. IUDICELLO. The decisions in Washington were to consider this project in the fiscal year 1987 cycle of our planning cycle, which is what we are in just now.

The decision was made not to try and reprogram other high priority projects already in the President's budget on the Hill.

Mr. KANJORSKI. As I understand it, we come into the big mash again next year with all the projects from all over the country. We are going to line up again.

Mr. IUDICELLO. That is correct.

Mr. KANJORSKI. And, we have to go back and have Mr. Cordes come up here and have another news conference. He is going to submit something in 6 weeks to the regional office in Philadelphia, and then they are going to submit something to the Washington office, who promises they are going to submit something to OMB in the next cycle, is that correct?

Mr. IUDICELLO. We go through an orderly planning process each cycle, and projects just have to compete.

Mr. KANJORSKI. Mr. Iudicello, for 10 years, that cycle has been gone through, and I am asking you a question now, when is that cycle going to be broken, and when do you anticipate that we are going to have an SSA building in Wilkes-Barre?

Mr. IUDICELLO. I really cannot commit to when the General Service Administration will take a position for Wilkes-Barre in advance of other national priorities. It will be considered in this cycle.

Mr. KANJORSKI. You heard me ask the question of Ms. O'Connell. Is there any way we can get somebody from GSA on some task force here that we can all be talking to each other and using the

same language to see when we can get the final conclusion of this question resolved?

Mr. IUDICELLO. With the permission of our commissioner and the Administrator, I am sure we would be happy to participate in such an activity.

Mr. KANJORSKI. Let me ask you this, what priority level is the Wilkes-Barre, PA, Social Security Administration building on in this administration's priority list?

Mr. IUDICELLO. I cannot tell you exactly by numbers because we have not gone through the cycle, but I can tell you that our priority system goes something along the following general lines. We must first address what we call a nondiscretionary fire and life safety issues around the country, and following that, we have got to address the basic repairs and upkeep of our rather large stock of Government-owned buildings.

As I said in my testimony, the average age of those buildings is approaching 35 years. Beyond that, we have to examine those projects in our high priority communities identified as areas for capital investment where our economic rate of return is greater because of very high lease costs.

Mr. KANJORSKI. Are we in a high priority?

Mr. IUDICELLO. You are not in a high priority community because of the leasing rates here in this locale.

Mr. KANJORSKI. When is that lease up?

Mr. IUDICELLO. I believe those leases expire in 1986 and 1987.

Mr. KANJORSKI. OK. Can we in Wilkes-Barre prevail upon the owner of that building to triple the lease so we can get some action?

Mr. IUDICELLO. I would hope not. I think we will be in a good competitive position in Wilkes-Barre.

Mr. KANJORSKI. Well, how are we going to know when I have to tell you, I am the fifth Congressman since all this has come about, 10 years. I want to retire from Congress before I lose all my hair. Do you think it is possible that we could see a building in downtown Wilkes-Barre before that happens?

Mr. IUDICELLO. I do not know how to respond to that.

Mr. KANJORSKI. You feel that you could, from GSA, join a task force with the Social Security Administration. Now, is there anything that the Congress, the House, can do, or the Senate, to get some priority to this building in Wilkes-Barre?

Mr. IUDICELLO. It would probably be a better question addressed to the committee, but we—when—if and when we make that proposal to the Congress, they can reconsider it at a hearing. We will be coming up. I believe that the leases could go over our threshold for authorization by this committee of $500,000 annual rental payments.

In such case, the committee would have an opportunity to hear our—if our decision is to renew the leases at that time, they would have an opportunity to hear such a lease prospectus.

In other words, this committee has authorization authority for rentals, annual rentals in excess of $500,000.

Mr. KANJORSKI. Am I correct in concluding that although the House has acted, although the Senate has acted, over the last 10

years, that presently, in 1985, this administration has taken no positive action to build a new building downtown?

Mr. IUDICELLO. That is correct.

Mr. SHAW. Mr. Chairman.

Mr. YOUNG. Mr. Shaw.

Mr. SHAW. I would like to pick up on that. That question, of course, predates this administration.

I think the frustration and one of the problems that Wilkes-Barre is going to be facing with regard to this committee is that when we look at areas in California, we are finding we are paying $35 a square foot for rental space. You look down to Miami, FL, you are looking at $25 a square foot. In Washington, $25 a square foot, and still about half of the Government-occupied real property in Washington, DC, is rental property.

This committee is trying to set priorities in order to look after the long-range budget of the U.S. Government. This does give Wilkes-Barre a problem with regard to construction, new construction projects here because we find that, quite frankly, as a community, you are very reasonable, and it is a plus on one hand because I think it is a real magnet for the Federal Government to lease space here and employ here and do business here.

But, it is a negative in that when you set your priorities nationwide as to where you are going to build buildings, obviously, from just a strict business standpoint, if you can rent for $8 or $10 a square foot here in Wilkes-Barre, or go out to San Francisco, or Los Angeles, you are going to have to pay $35, obviously you are going to opt to own your property and build your new buildings where the rent is sky high and just out of sight.

So, it does give this community a bit of a problem as far as new construction, but, again, I point out it gives this community a leg up as far as expanding services, as, Paul, you were talking about at lunch, when you have a community that has a work ethic that is as high as this community's and you also have it as a reasonable place to live and to house Government facilities, then that is also a plus for this community.

So, I think that comparison should be made part of the record, particularly realizing this question is going to come back to this committee as to what we are going to do and we have to prioritize to get the biggest bang for the buck for our Federal Government and try to make some sense out of saving the Federal Government some money.

Mr. KANJORSKI. Mr. Chairman, I would suggest that based on Congressman Shaw's observations, has the GSA formulated the national policy recommending where agencies be located because of the advent of electronics and the media communications?

It seems to me that rather than concentrating on the belt around Washington or the major metropolitan areas of New York, Philadelphia, Miami, San Francisco, Los Angeles, or Dallas, or Atlanta, that since we have impacted unemployment areas such as Wilkes-Barre, PA, and other areas of the country, since we have a low construction cost, since we have availability of highly trained and skilled people with a high work ethic, should it not be just as much a function of the General Services Administration to evaluate these opportunities and make recommendations, not only for the Social

Security Administration, for the expansion of any other Federal agency that needs expansion, rather than putting them in those highly economically impacted areas that you seem to be doing, but, instead, recommend decentralization to areas such as Wilkes-Barre, to take advantage of the unemployment, the low cost of housing, the low cost of employment?

Are you formulating any sort of national policy?

Mr. IUDICELLO. Yes, we are. In light of Mr. Shaw—Mr. Shaw said it very well. We are concentrating on the location of policies in our major urban areas to broaden what we call our procurement area or our delineated area for competing lease space where either lease costs are less expensive or where we are just out of capital investment funds.

So, we are looking for less costly lease space in our major urban areas. Programmatically, if, on a national basis, if an agency, such as an SSA or some other, wanted to go into a more centralized consolidation, we certainly would be looking to—if they were not location specific to a given urban area, we would certainly be looking to a consolidation along the lines you talked about.

Mr. KANJORSKI. Sir, one other question. When you are talking about this formula, the Government has a tendency, the Federal Government, and its agencies, to look at what their jurisdiction is, and they do not interrelate the way the business community interrelates.

You heard my earlier statement, and you will hear statements all today, about the high productivity of our Federal employees in this area, that for equivalent costs of $15 million, we turn out a work product that would cost $20 million for this Federal Government anywhere else.

That $5 million a year is a very valuable savings to the U.S. Government. Should that not have a major role in your cost analysis of where these Federal buildings and these agencies should go?

Mr. IUDICELLO. We are not insensitive to the cost of consolidation and the type of productivity costs that you mentioned. But, I must say that we have similar situations in a lot of our major urban areas where we have seen major scattering of agencies in urban areas with a lot of inherent transportation costs and productivity costs that are losses.

I would have to look at numbers to see how they compare as to the numbers you are talking about in the range of $5 million for this amount of square footage. But, I can assure you that we have similar situations in most of our major urban areas in this country.

Mr. KANJORSKI. Would you recommend on my behalf and at my request now that GSA put an executive level individual on a task force with SSA and my office or this committee's representatives to see how we can move this project along?

Mr. IUDICELLO. Yes, we would be happy to consider that, and I am sure we would do that.

Mr. YOUNG. Thank you very much, Mr. Iudicello and Mr. Cordes.

[Mr Cordes' prepared statement follows:]

STATEMENT OF REGIONAL ADMINISTRATOR, REGION 3, GENERAL SERVICES ADMINISTRATION BEFORE SUBCOMMITTEE ON PUBLIC BUILDING AND GROUNDS HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, WILKES-BARRE, PA

For several years, the General Services Administration (GSA) has been attempting to satisfy the request of the Social Security Administration (SAA) for a consolidation of their split operation in Wilkes-Barre, Pennsylvania.

Several alternatives over the last three years have been considered and rejected as not being in the best interest of the Government.

Most recently, Region 3 made what we consider the most comprehensive analysis of the situation to date. We have concluded that, if the Administration determines that a consolidation of SSA is appropriate, those consolidation requirements could best be met by the construction of a new facility on the City-owned site in downtown Wilkes-Barre. The region examined the possible purchase and renovation of the Luzerne Products Building as an alternative to new construction. The long-term economic analyses proved new construction to be more cost effective than the purchase and renovation of the Luzerne Products Building. Certainly if consolidation were not required, we would agree that on a strictly cost basis the status quo is cheaper. However, the region is convinced that construction would be the most cost effective alternative for consolidation.

This regional recommendation will be considered by the Public Buildings Service in its review of national program requirements.

I appreciate the opportunity to appear before this Committee on the issue of the Wilkes-Barre Social Security Administration Data Center.

Mr. YOUNG. We have five witnesses from the community, and we are going to, hopefully, be able to take a look at the area relative to this whole question of consolidation. So, at this point, I would like to call Mr. Andrew Walgo, the chairman of the board of commissioners, Plains Township, PA.

Mr. KANJORSKI. He does not seem to be present.

Mr. YOUNG. Mr. Walgo.

[No response.]

OK. Mr. Thomas Hagedorn, president of Hagedorn-Cando, Inc., Arlington, VA, and former member of the Public Works and Transportation Committee.

Welcome, Mr. Hagedorn.

Mr. HAGEDORN. Thank you.

Mr. YOUNG. Any statement you have, without objection, may be made part of the record and you can go ahead, Tom.

## TESTIMONY OF THOMAS HAGEDORN, PRESIDENT, HAGEDORN-CANDO, INC., ARLINGTON, VA, ON BEHALF OF DIVERSIFIED INVESTMENT ASSOCIATES, ACCOMPANIED BY ERV ROSEN, DIA

Mr. HAGEDORN. Thank you, Mr. Chairman. I am pleased to appear before you on behalf of Diversified Investment Associates of Baltimore, MD, who do own the Wyoming Valley Veterans Building at 19-27 Main Street.

As you are aware, Mr. Chairman, this has been a long, lingering issue over several years of consideration in regards to what we do with the housing of SSA here in the Wilkes-Barre area.

I want to personally go on record to commend the presence of you, and Congressman Shaw, and Congressman Kanjorski for coming here with your staff because I well know the importance of having onsite inspections and input from the community, and too often, Congressmen and staff people do not have that opportunity.

Two observations that I certainly made since I first got involved with this project on behalf of DIA, and that is one cannot contest the productivity of the work force here in this fine community,

and, certainly, that has to weigh very heavily on whether we do lease space or whether we have government-owned space when you consider where the work ought to be processed.

I doubt if any of you disagree and I think you can go back and help make the case that this processing center ought to continue to be located in Wilkes-Barre, regardless of what your decision is on leased or government owned-facilities.

The second observation, of course, is that over the course of the last decade, slighly more, this community has made extraordinary recovery. It is a compliment to the community leadership and to its strong, forceful congressional representation in Congress, because much of it came with the help of the U.S. Government.

And, we believe at DIA, that regardless of what your decision is to build or lease space, the site of this processing ought to be maintained in the downtown community. Much of Wilkes-Barre's economy is directly tied to the hundreds of SSA employees who shop, lunch, and utilize professional services which are conveniently located to their current place of employment.

Bert Lance once said, when I was in Congress, "if it ain't broke, don't fix it." I share the same perspective here in presenting our thoughts on this important issue, and that is in spite of the fact that the current facilities are not the most efficient, perhaps not the most convenient, they are still putting out more work per employee than any other processing center like it in the United States, and, therefore, let us be cautious as a committee before we move forward with a resolution calling for either acquisition and rehabilitation or new construction of a Federal facility, and I say this for several reasons.

You are all critically—I think everyone in this room is critically aware of the horrendous Federal deficits that our Nation faces, and the ability to defer any dollar of excessive spending or less than absolutely essential spending, I think, should be deferred and the deficit reduced as the Nation's top priority.

But, second and more relative to this, is that the total lease costs of the 239,000 square feet of space used by the SSA is currently costing GSA a total of $1,495,000. This includes the Luzerne Products Buiiding, Courtright Building, the facility at Wyoming Valley Veterans Building, and I think when you look at that cost, divided out over 239,000 square feet, that it comes to approximately $6.23 per square foot, and, Mr. Chairman and committee members and staff members, I want to point out that there is a good deal of servicing that goes with these leases by the leasors.

Now, assuming an outlay at a minimum of $20 million and a maximum of $34 million, which was authorized in 1982, the interest costs alone at today's cost of money would be from $1 million to $2.7 million over your current lease space costs.

In addition, you would have to amortize that $20 million to $34 million over probably 20 years of time, which would cost the taxpayers an additional $1 million to $1.7 million per year as well as the portion of servicing costs currently being paid by the leasor of approximately, at least, I would say, a $150,000.

Now, this cost of $1 million to $2.85 million per year over the current costs for interest and operating costs is just too high a price to pay for the Federal Government, without even considering

the loss of the tax revenues to the city and the county here. Because, as you well know, when the Federal Government owns the property, there is no real estate taxes paid like is currently being paid by the private owners.

Mr. Chairman, $1 million to $2.85 million, the way I figure it, is 50 to 140 jobs each paying an annual wage of $20,000 each, probably higher than your constituents are making. And, I ask you, does it really make sense to trade off full-time employment opportunities for interest payments to some bank or foreign investor who picks up our Federal debt. I believe that the benefits of the efficiency and convenience to the agencies should far outweigh the costs of the jobs that are eliminated before this type of action should be taken by the committee.

I also urge you to look at the possibility of a 186,000 square feet of office space becoming vacant here in downtown Wilkes-Barre and ask yourself, who is going to fill it? You are going to have a glut of office space that could depress the whole real estate market and ultimately have another disaster in the community.

Now, these are the kinds of questions that we think need to be asked and answered satisfactorily before any decision is made about building additional Federal office space here in Wilkes-Barre area. The primary benefit of the federally constructed space would be, in my opinion, assurance that this data processing will be here permanently in the Wilkes-Barre area.

In my opinion, and hearing your thoughts, and as was expressed earlier, I never heard one centilla of evidence that any one was coveting the Social Security data processing center and attempting to take it out and move it to another part of the Nation.

I really do not think that is a very serious threat. I think the people of this community and Congressman Kanjorski can rest with some assurance that it is not going to happen. And, so, let us not have that issue come into the argument or consideration as to whether or not Federal space being owned is essential to the well-being of the continued employment of these fine people.

But, finally, our caveat is that if the Subcommittee on Public Buildings and Grounds and the administration deems, in their wisdom, that new or rehabilitated facilities is desirable and it is in the best interests of the U.S. taxpayers, then Diversified Investment Associates would like to urge you to at least consider a proposal for construction of up to a 166,130-square feet of space that could be connected with the existing space at the Wyoming Valley Veterans Building of currently a total of 165,410 square feet, for a total space of 332,540 square feet, which could house all the Federal agencies and that we believe that this space could be purchased for considerably less than $20 million, which appears to be the minimum figure that has been discussed so far, or we could arrange a long-term lease on this building, if that would be the desire of the committee and the agency.

I thank you for your allowing me the opportunity to present our views, and for coming here to Wilkes-Barre to look at the situation personally.

Mr. YOUNG. Thank you very much, Mr. Hagedorn.

Any questions of Mr. Hagedorn?

Mr. KANJORSKI. Yes. Mr. Hagedorn, you and I met, I think, 2 days after my election in November, if I recall.

Mr. HAGEDORN. Yes, sir.

Mr. KANJORSKI. You and the owner or the president of the company came to Wilkes-Barre. We reviewed the site.

Are you indicating that you feel that the present site should be used as it is, or should it be renovated and an additional building of equal size built?

Mr. HAGEDORN. Well, Mr. Kanjorski, I think, quite frankly, our position is perhaps it should continue to be utilized for awhile as is, recognizing that it is not the ideal or the perfect situation. But, looking at the costs of an average of $6.23 a square foot, we can trade off the convenient and the efficiency that the agency seems to think they would get with streamlined data processing and less trucking and transportation because, really, we are talking about jobs. Maybe a truck and a forklift or two, but, everything is jobs, and we think that if there is not going to be significant savings, then maybe we can make do, we can keep from having to amortize an additional debt of $20 to $34 million over the next two decades, and, in fact, everything can proceed as well and we can keep these people working in their productive, useful way.

Mr. KANJORSKI. You know that we talked about the general needs in the Wilkes-Barre area when we met, and one of them was the willingness of yourself to recommend that if the facility were built or constructed in the downtown area in proximity to where you are now, that as developers, concomittant with that, you would take on the responsibility of renovating the Stagmaier Brewery, is that correct?

Mr. HAGEDORN. Well, we would certainly look into it. That is a big project. I believe, at one time, I heard something like $14 million.

Certainly, Congressman, if there is evidence indicated that that additional office space is desirable and needed and would be utilized, I am sure that our group or any other group would be happy to participate in the development of additional space.

We are not saying no to a new office building, quite frankly, Congressman. All we are asking is please look at the needs of the people that have made their investment in the community, who have come to depend upon the Federal Government as a tenant, and before you pull the rug out from underneath them and leave them hanging high and dry, and paying their $100,000 plus real estate taxes per building, make sure there is somebody to fill the space. That is really what we are asking, and if we can be satisfied that there is going to be a good tenant in there, like we have had from the U.S. Government, certainly I am sure that our concerns would be far less.

But, we do stand ready and willing to discuss with the administration, the SSA, GSA, a possible configuration on the vacant lot right next to the building, and I believe that could be made into a very fine facility that would last the Government well into the 21st century and beyond.

Mr. YOUNG. Mr. Shaw.

Mr. SHAW. Mr. Hagedorn, you made a statement that if the Federal Government was to move out, who was going to move into that facility, and I think that is a very good question.

When does our lease expire?

Mr. HAGEDORN. The lease on the building that I represent expires in November 1986, and the lease on the Courtright Building expires in mid-January 1987.

Mr. SHAW. Now, we have not seen the Courtright Building——

Mr. HAGEDORN. Right.

Mr. SHAW [continuing]. But we have seen the Wyoming Valley——

Mr. HAGEDORN. Right. That is over 160,000 square feet.

Mr. SHAW. I know you probably do not have the answer, but perhaps this is something this committee should look at, faced with the possibility that the Federal Government might move out, what would you sell the building to us for?

Mr. HAGEDORN. We would certainly be willing to negotiate a very fair package with the Federal Government, if that were a consideration.

Mr. SHAW. Well, I think——

Mr. HAGEDORN. I am not in a position to give you a price on the current building.

Mr. SHAW. That would be a consideration if there were an opportunity to purchase. I think that when I look at the facility and look at putting in some $20 million in improvements next door, and in the present building, obviously, the rates are going to go way beyond where they are now and would put it into a higher category, and any new construction anywhere in the country is going to have that effect.

Mr. HAGEDORN. Sure.

Mr. SHAW. That would lead me to speculate as to what do we buy the building for, the Federal Government, and do the renovations ourselves. Is there a lot of asbestos in that building?

Mr. HAGEDORN. I have with me Mr. Erv Rosen, who works directly with DIA, but, Erv could you——

Mr. ROSEN. To the best of my knowledge, I have never been told that there is.

Mr. HAGEDORN. We have never been told by GSA that there is a problem with asbestos.

Mr. SHAW. That building, I understand, was built in 1946.

Mr. HAGEDORN. Yes; approximately that time.

We certainly would be willing to discuss the purchase or a long-term lease——

Mr. SHAW. If we were going to talk about any major investment that was going to cause an increase in rent, it would only make sense for us to consider acquisition. At least that is the way I would see it.

Mr. HAGEDORN. The highest lease in this area, and I have a list of every agency that is in the Wilkes-Barre area, I believe, is $8.75 a square foot and that is fully serviced by the Government, none by the leasor.

Mr. SHAW. Yes, sir; if you are going to drop $20 to $30 million into that, you would break the bank on that figure, I am afraid.

Mr. HAGEDORN. Oh, very definitely.

Mr. SHAW. Then, I could not talk about how Wilkes-Barre was such a reasonable place to live.

Mr. HAGEDORN. Well, certainly, the tradeoffs, as this committee has well discovered here today, the cost of leasing is not very high. The productivity of the workers is extremely good, and that is the catch-22 you get in about whether this is the best place for the Federal Government to own space.

I mean, we used to participate, when the lease costs were going up from one lease to the next of $5 and $6, between 3 and 4 year periods out in California.

So, I think that is the dilemma that Congressman Kanjorski finds himself in. I think the most important thing to do is try to give assurances that these people are going to continue to be working here. I doubt whether the people really give a real big hoot one way or the other about what kind of building they are in as long as they know they have a job year in and year out, and they can look to the future with confidence that they are going to be employed.

Mr. SHAW. Thank you.

Mr. YOUNG. Thank you, Mr. Hagedorn.

[Mr. Hagedorn's prepared statement follows:]

STATEMENT OF TOM HAGEDORN

THANK YOU, MR. CHAIRMAN.

FOR THE RECORD, MY NAME IS TOM HAGEDORN AND I'M PLEASED TO APPEAR BEFORE YOU IN BEHALF OF DIVERSIFIED INVESTMENT ASSOCIATES OF BALTIMORE, MARYLAND, WHO OWN THE WYOMING VALLEY VETERANS' BUILDING AT 19-27 MAIN STREET.

MR. CHAIRMAN, AS YOU ARE VERY AWARE, THE ISSUE OF WHAT TO DO ABOUT THE HOUSING OF THE SOCIAL SECURITY ADMINISTRATION DATA PROCESSING IN THE WILKES-BARRE AREA HAS BEEN A LINGERING ONE FOR SEVERAL YEARS. YOUR PRESENCE HERE TODAY SHOULD BE COMMENDED BECAUSE IT DEMONSTRATES YOU ARE TAKING YOUR RESPONSIBILITIES VERY SERIOUSLY AND THAT YOU ARE CONCERNED AS TO THE AFFECT THESE TYPES OF DECISIONS HAVE ON COMMUNITIES, SUCH AS WILKES-BARRE.

TWO OBSERVATIONS COME TO YOUR ATTENTION WHEN YOU ARE ASSESING THE SITUATION HERE IN WILKES-BARRE. FIRST, THE EMPLOYEES OF THE SOCIAL SECURITY ADMINISTRATION HERE ARE THE MOST PRODUCTIVE WORKERS OF THE THREE DATA PROCESSING CENTERS IN THE UNITED STATES. THE PRODUCTIVITY OF THESE WORKERS IS A CREDIT TO THE COMMUNITY -- EVEN THOUGH THE FACILITY MAY NOT BE THE MOST MODERN -- AND SHOULD INSURE THAT REGARDLESS OF WHAT KIND OF FACILITY IN WHICH THEY WORK, THEIR JOBS WILL BE SECURE FOR MANY YEARS TO COME!

THE OTHER POINT I WOULD LIKE TO MAKE IS THAT WILKES-BARRE HAS MADE EXTRAORDINARY RECOVERY IN JUST A LITTLE MORE THAN A DECADE AND WOULD BE SEVERELY IMPACTED IF A DECISION WAS MADE TO RELOCATE THE SSA FROM THE DOWNTOWN LOCATION. MUCH OF WILKES-BARRE'S ECONOMY IS DIRECTLY TIED TO THE HUNDREDS OF SSA EMPLOYEES WHO SHOP, LUNCH AND UTILIZE PROFESSIONAL SERVICES WHICH ARE CONVENIENTLY LOCATED TO THE PLACE OF EMPLOYMENT.

WE AT DIA BELIEVE THAT THE PUBLIC BUILDINGS AND GROUNDS SUBCOMMITTEE SHOULD LOOK VERY CLOSELY BEFORE ADOPTING A RESOLUTION CALLING FOR ACQUISITION AND REHABILITATION, OR NEW CONSTRUCTION, OF A FEDERAL FACILITY FOR SEVERAL REASONS.

FIRST, BECAUSE OF THE CRITICAL ECONOMIC AND BUDGETARY CRISIS OUR COUNTRY FACES, EVERY DOLLAR WHICH CAN BE ELIMINATED FROM OUR ESCALATING DEFICIT SHOULD BE.

SECOND, THE TOTAL LEASE COSTS OF THE 239,990 SQUARE FFET OF SPACE USED BY THE SSA IS COSTING GSA A TOTAL OF $1,495,000. THIS INCLUDES APPROXIMATELY 50% OF THE COST OF SERVICING THIS SPACE. THIS AVERAGES OUT TO A COST OF $6.23 PER SQUARE FOOT. ASSUMING AN OUTLAY AT A MINIMUM OF $20 MILLION AND A MAXIMUM OF $34 MILLION, WHICH WAS AUTHORIZED IN 1982, INTEREST COSTS ALONE WOULD BE $1-2.7 MILLION OVER CURRENT LEASE SPACE COSTS. IN ADDITION, YOU WOULD HAVE TO AMMORTIZE THE $20-34 MILLION DEBT OVER A PERIOD OF AT LEAST 20 YEARS WHICH WOULD COST THE TAXPAYERS $1-1.7 MILLION, AS WELL AS THE PORTION OF SERVICING COSTS CURRENTLY BEING PAID BY THE LESSOR OF AT LEAST $150,000 PER YEAR. THIS COST OF $1-2.85 MILLION PER YEAR OVER CURRENT COSTS FOR INTEREST AND OPERATING COSTS IS TOO HIGH A PRICE FOR THE FEDERAL GOVERNMENT TO PAY, WITHOUT EVEN CONSIDERING THE LOSS OF TAX REVENUES TO THE CITY OF WILKES-BARRE AND LUZERNE COUNTY.

MR. CHAIRMAN, $1-2.85 MILLION IS 50-140 JOBS, EACH PAYING AN ANNUAL WAGE OF $20,000. DOES IT REALLY MAKES SENSE TO TRADE OFF FULL TIME EMPLOYMENT OPPORTUNITIES FOR INTEREST PAYMENTS TO SOME BANK OR FOREIGN INVESTOR IN ORDER TO FINANCE A GOVERNMENT PURCHASE? THE BENEFITS OF EFFICIENCY AND CONVENIENCE SHOULD FAR OUTWEIGH THE MERE COSTS OF THE JOBS ELIMINATED BEFORE THIS TYPE OF ACTION SHOULD BE TAKEN.

I ALSO URGE YOU TO LOOK AT THE POSSIBILITY OF 186,000 SQUARE FEET OF OFFICE BUILDING SPACE BECOMING VACANT HERE IN DOWNTOWN WILKES-BARRE AND ASK YOURSELF -- WHO WILL FILL IT? THESE ARE THE KINDS OF QUESTIONS THAT NEED TO BE ASKED AND SATISFACTORILY ANSWERED BEFORE ANY DECISION IS MADE ABOUT BUILDING FEDERAL OFFICE SPACE HERE IN WILKES-BARRE.

THE PRIMARY BENEFIT OF FEDERALLY CONSTRUCTED SPACE WOULD BE ASSURANCE THAT THIS DATA PROCESSING CENTER WOULD BE HERE PERMANENTLY IN WILKES-BARRE. IN MY OPINION, REGARDLESS OF WHETHER OR NOT ACTION IS TAKEN ON THIS MATTER, THERE IS LITTLE LIKELIHOOD OF THIS HAPPENING TO THE PEOPLE AND COMMUNITY OF WILKES-BARRE.

IF THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS AND THE ADMINISTRATION DEEMS IN THEIR WISDOM THAT NEW OR REHABILITATED FACILITIES IS DESIRABLE AND IN THE BEST INTEREST OF THE US TAXPAYERS, DIVERSIFIED INVESTMENT ASSOCIATES WOULD LIKE TO URGE YOU TO CONSIDER A PROPOSAL FOR CONSTRUCTION OF UP TO 166,130 SQUARE FEET OF OFFICE SPACE CONNECTED WITH EXISTING SPACE AT THE WYOMING VALLEY VETERANS BUILDING OF 165,410 FOR A TOTAL OF 332,540 SQUARE FEET, WHICH COULD HOUSE ALL FEDERAL AGENCIES IN WILKES-BARRE. THIS NEW AND REHABED OFFICE SPACE COULD BE PURCHASED FOR CONSIDERABLY LESS THAN $20 MILLION. A LONG-TERM LEASE COULD BE ARRANGED ON THIS BUILDING IF THAT WOULD BE THE DESIRE OF THE COMMITTEE.

THANK YOU, MR. CHAIRMAN.

Mr. YOUNG. Next, Mr. Joseph Corcoran, president of AFGE Local 2809, Data Processing Center.

## TESTIMONY OF JOSEPH CORCORAN, PRESIDENT, AFGE LOCAL 2809, DATA PROCESSING CENTER, WILKES-BARRE, PA

Mr. CORCORAN. Thank you, Mr. Chairman.

First of all, before I start, I would just like to thank all of you for letting the voice of the employees be heard among all the voices of the bureaucrats in here.

Mr. Chairman and members of the committee, my name is Joseph Corcoran, and I have worked for the Social Security Administration for over 12 years. I am president of the employees union here, the American Federation of Government Employees, Local 2809, in Wilkes-Barre. I am also the president of an AFGE national council which represents about 1,600 data operations center employees in Salinas, CA, and Albuquerque, NM, in addition to the nearly 1,200 workers here in Wilkes-Barre.

When I first came to work for SSA back in 1972, the entire operation was housed in one building in downtown Wilkes-Barre, the building the chairman and the committee members toured today, that is known as the VA Building.

Even back then, our center had, for over 20 years, earned national recognition as an incredibly productive and efficient organization, and those qualities really became the hallmark of Wilkes-Barre data operations center workers.

Because of that, the size and the scope of the work performed here has grown steadily. So much so that by the end of the mid-1970's, SSA had outgrown the VA Building and, today, has expanded its operations to two additional sites, the Courtright and Luzerne Products Building.

Each of those facilities is located several miles away from the other, and that, Mr. Chairman, is the problem. In large part, our growth has been due to a kind of progressive entrusting of responsibility upon the Wilkes-Barre employees by SSA headquarters in Baltimore. That is, typically, each new job we receive here is a larger part of a smaller job that we already had.

So, as a result, most of the work that is done in the VA building is dependent and closely tied to the work done in the Courtright Building, and the same is true for the Luzerne Building.

In order for us to keep growing and to continue to deliver the kind of public service that our employees want to be able to deliver, it is essential that all of our operations would be housed under one roof. The proposal to construct a new building in downtown Wilkes-Barre would accomplish that.

Now, Mr. Chairman, it is imperative that the Congress move as quickly as possible in making this project a reality. We have seen the new building proposal fall victim to political roadblocks several times over the past 10 years or so. Fortunately, each time, although our workers wound up being deprived of the nicety of a new building, they were at least provided with the additional space that we needed to keep our jobs intact and to do the work we need to do, namely the Luzerne and Courtright Buildings.

But, it is a different story this time. Today, SSA incurs an enormous and unnecessary additional expense by maintaining operations in three separate buildings. This cost tends to offset the traditional savings that Wilkes-Barre's high productivity has always provided to SSA.

Things are moving swiftly at Social Security these days as you all know. A massive system's modernization effort is presently underway, and our people want to be a part of that progress. We look forward to the day when the antiquated computer machinery that we all were looking at today in the VA Building is replaced with state of the art equipment.

But, does it make sense for SSA to pour millions of dollars into renovating the VA to accommodate modern systems when the entire WBDOC operation is, with time, becoming more and more uneconomical to operate simply because of geographics?

In these days of budget consciousness, we think the answer to that question is obvious, and it is a situation that also adds greatly to our employees' fear of having their jobs contracted out. Earlier in the day, you heard Ms. O'Connell make a statement that there are no immediate plans to contract out work here, but she also told you that SSA is constantly reviewing their need to possibly contract out and the efficiency of their operation.

Let me tell you one thing for certain today. The workers that this union represents are faster and they are more accurate at what they do than any private contractor in this country, and on that basis alone, we would be willing to take on the best of them, no sweat at all.

But, the workers have no control whatsoever over the excessive costs that SSA is incurring every day just because of the uneconomical situation created by operating out of three buildings. That is why we fear for our jobs, and that is why we need this new building.

It is no longer just a nicety, it has become a necessity, and we urge you to move for swift passage of this proposal through the Congress.

I have one final point. The difficulties, such as those encountered by SSA in the past of procuring this new space, are at the heart of this union's support for H.R. 825, the bill currently pending in the House to establish Social Security as an independent agency. That bill would eliminate SSA's on-going problems with obtaining support from the Department of Health and Human Services for its office space and resources from the General Services Administration, and it would, in our view, prevent these kinds of costly delays from occurring in the future.

I would also like to take this opportunity to urge your support for passage of H.R. 825.

Thank you very much.

Mr. YOUNG. Thank you. I do not have any questions, Mr. Corcoran. Thank you very much for your statement and your interest in this particular issue.

Mr. Shaw.

Mr. SHAW. Thank you, Mr. Chairman.

I do not have any questions, but would like to congratulate you on a very strong and effective statement.

Mr. CORCORAN. Thank you.

Mr. KANJORSKI. Mr. Corcoran, I just have one thing. The thrust of your testimony is that you fear with the failure of establishing an economic unit in construction, that eventually, even though there is high productivity in the Wilkes-Barre area, that will be lost to the inefficiency——

Mr. CORCORAN. That is substantially right.

Mr. KANJORSKI. OK. Thank you.

Mr. YOUNG. Thank you very much. Next, Mr. Edward Schechter, president for the Committee for Economic Growth, Wilkes-Barre, PA.

Mr. Schechter, we appreciate having a chance to visit with you a little bit earlier, and without objection, your full statement will be made a part of the record, and we would be pleased to have you proceed, sir.

## TESTIMONY OF EDWARD SCHECHTER, EXECUTIVE DIRECTOR, COMMITTEE FOR ECONOMIC GROWTH, WILKES-BARRE, PA

Mr. SCHECHTER. No objection. Thank you, Mr. Young. Thank you, Mr. Shaw, Mr. Kanjorski. I appreciate the opportunity of being here.

I am in the unfortunate position or perhaps the fortunate position that since the time I prepared my testimony, several days ago, and sitting through this meeting so far, many of the facts which I have in my testimony have already been stated, and I am not going to bore you with them and read that testimony, and, also, my testi-

mony is directed specifically toward—one of its directions is specifically towards the need to retain these jobs in Wilkes-Barre and Mr. Shaw told us quite appropriately before that there was no threat to those jobs.

Therefore, I regret that my testimony does not talk or waste time talking to that particular issue. I will not repeat it.

I do want to, however, emphasize a few other things. I am not president of, I am executive director of the Committee for Economic Growth, but as such, I am responsible for its operations.

The Committee for Economic Growth is a charitable corporation that was formed by volunteer business and professional members in November 1983, to try to revitalize the lagging economic growth of this region. Its goal by 1990 is to bring 5,000 new primary jobs to the Wilkes-Barre area.

The CEG is now successfully completing a $2.5 million fundraising campaign, raised from the business community, in order that a comprehensive marketing program can be carried out over the next 5 years.

My testimony does give in written form certain statistics concerning the unemployment situation in the community, which I will not bore you with now. I do, however, want to talk about something which has occurred several times today and hit it with a little different emphasis, and that is the superior work ethic which we discovered, the CEG discovered, in the recent survey, which was made of employees in 22 greater Wilkes-Barre businesses, when they were compared with employees doing similar work of the same company in other locations.

We found that the Wilkes-Barre area's employees rated highest in attendance, in skill, and in productivity and rated lowest in time off for sick leave and for late starts.

This labor efficiency is of overriding importance to any labor-intensive operation, such as the Social Security Administration. One employer of 400 clerical persons in another State has recently estimated that a 20 percent labor efficiency would result from a similar operation in the greater Wilkes-Barre area. The $13 million Nabisco company is now investing in a new 100,000-square-foot national accounting and financial control building to house 250 of its current Wilkes-Barre employees and an additional 150 new employees, an indication of what a major U.S. business with annual revenues of $6.5 billion thinks of the efficiency of this area's office workers.

The CEG is proud of its operations in the fall of 1983, has recognized the importance of this community of the SSA jobs. Under the impression that Wilkes-Barre was not a viable alternative, CEG supported the building in Plains as the preferred site.

When, in December 1984, information was developed indicating that the original concept of building a new structure in downtown Wilkes-Barre was still a possibility, the CEG supported the efforts to have the building constructed there. The CEG believes strongly that downtown Wilkes-Barre is a better location for the SSA offices and encourages this committee to recommend that the GSA construct a new office building there.

A superb city site is available, and the building can be constructed so as to dispel any lingering concerns over the unlikely occur-

rence of a major flood and possible damage to the building and its contents.

Of overriding importance, however, both to Luzerne County and to the SSA is that the office remain in this general community. Retention of these jobs is clearly in the best interests of both and transcends any narrow municipal business or political interests.

The CEG has welcomed this opportunity to testify, applauds your sincere efforts to learn the facts firsthand of the site, and will strongly support any congressional initiative to reach a speedy resolution of these issues.

Thank you very much, Mr. Young.

Mr. YOUNG. Thank you for your fine statement, Mr. Schechter. We appreciate it.

The reason we are here today is to try to help us out with questions, and I can only assure you that we will do everything we possibly can, working in the Congress, to try to do the right thing in the shortest time that we possibly can.

Mr. Shaw.

Mr. SHAW. No questions.

Mr. YOUNG. Mr Kanjorski.

Mr. KANJORSKI. No questions.

Mr. YOUNG. Mr. Schechter, thank you very much.

[Mr. Schechter's prepared statement follows:]

TESTIMONY OF EDWARD SCHECHTER, EXECUTIVE DIRECTOR, COMMITTEE FOR ECONOMIC GROWTH [CEG], U.S. HOUSE OF REPRESENTATIVES, PUBLIC WORKS COMMITTEE, WILKES-BARRE, PA

My name is Edward Schechter. I am Executive Director of greater Wilkes-Barre's Committee for Economic Growth (CEG). This committee (a charitable corporation) was formed by volunteer business and professional members in November 1983 to try to revitalize the lagging economic growth of this region. Its goal, by 1990, is to bring 5,000 new primary jobs to the Wilkes-Barre area. CEG will do this by first, retaining our present employers and aiding them to grow here, and second, by bringing in selected new industrial and commercial employers. The CEG is just now successfully completing a $2.5 million fund-raising campaign in order that a comprehensive marketing program can be carried out over the next five years.

Why are jobs and why is job retention so important to greater Wilkes-Barre, so important as to activate the CEG and its ambititious marketing program? A few statistics will provide a clear answer. Luzerne County has a chronic unemployment rate that hovers around 11.0%. With a work force of 158,000 persons, 17,700 persons seeking work are today unemployed. These dismal unemployment numbers are 4% higher than the U.S. average, 3.5% higher than the Pennsylvania average, and 2% to 4% higher than unemployment in the surrounding counties.[1]

Luzerne County's chronic unemployment is a direct result of the impact of successive industrial disasters, as these few numbers will demonstrate:[2]

TABLE 1.—EMPLOYMENT—LUZERNE COUNTY

| Industry | Date | No. employed | Employment March 1985 | Percent loss |
|---|---|---|---|---|
| Anthracite mining | March 1950 | 34,700 | 500 | 99 |
| Leather shoes | March 1966 | 3,800 | 690 | 82 |
| Tobacco | March 1966 | 3,900 | 300 | 92 |
| Apparel | March 1967 | 19,400 | 9,700 | 50 |

[1] Pennsylvania Department of Labor and Industry, Office of Employment Security, First Quarter 1985, Labor Market Letter 5/6/85.

[2] Information assembled from the files of the Pennsylvania Department of Labor and Industry, Office of Employment Security.

TABLE 1.—EMPLOYMENT—LUZERNE COUNTY—Continued

| Industry | Date | No. employed | Employment March 1985 | Percent loss |
|---|---|---|---|---|
| Textiles | March 1973 | 3,500 | 1,400 | 60 |
| Totals—Five industries | | 65,300 | 12,590 | 81 |

"Sunset" industry unemployment, not counterbalanced by a surge of reemployment in new industries, has caused an emotional and a financial pall to settle on this region.

The Social Security office in Wilkes-Barre is a major employer for this region. It is vitally important that these 800 jobs be kept in Luzerne county as they are a principal contributor to the vitality of our community. The loss of these jobs would quickly reduce annual disposable personal income by $14.0 million, reduce retail sales by $5.6 million, reduce food sales by $1.5 million, and reduce federal, state, and local taxes by $3.2 million.[3]

CEG's research has developed objective information which clearly shows that the Social Security Administration—and through it the federal government—will profit from keeping their offices here. Your workers have a higher degree of efficiency, productivity, and attention to work than most, if not all, of the other Social Security offices.

This superior work ethic was discovered when, in a recent CEG survey, employees in 22 greater Wilkes-Barre businesses were compared with employees doing similar work for the same company in other locations. We found that that the Wilkes-Barre area's employees rated highest in attendance, skill, and productivity, and rated lowest in time off for sick leave and late starts. This labor efficiency is of overriding importance to any labor-intensive operation such as the Social Security Administration. One employer of 400 clerical persons in another state has recently estimated that a 20% labor efficiency would result from a similar operation in the greater Wilkes-Barre area. The $13,000,000 Nabisco is investing in a new national accounting and financial control building to house 250 of its current Wilkes-Barre employees and an additional 150 new employees, is an indication of what a major U.S. business, with annual revenues of $6.5 billion, thinks of the efficiency of this area's office workers.

The CEG, since the start of its operation in the fall of 1983, has recognized the importance to this community of the Social Security Administration's jobs. Under the impression that Wilkes-Barre was not a viable alternative, CEG supported a building in Plains as the preferred site. When, in December of 1984, information was developed through Marc Holtzman indicating that the original concept of building a new structure in downtown Wilkes-Barre was still a possibility, the CEG supported the effort to have the building constructed there. The CEG believes downtown Wilkes-Barre city is the best location for the Social Security Administration offices and strongly encourages this committee to recommend that the GSA construct a new office building there. A superb city site is available, and the building can be so constructed as to dispel any lingering concern over the unlikely occurrence of a major flood and possible damage to the building and its contents.

Of overriding importance, however, both to Luzerne County and to the Social Security Administration is that this office remain in this community. Retention of these jobs is clearly in the best interests of both and transcends any narrow municipal, business, or political interest.

The CEG welcomes this opportunity to testify, applauds your efforts to learn the facts firsthand at the site, and will strongly support any congressional initiative to reach a speedy resolution of the issues.

Mr. YOUNG. Our last witness would be Mr. Howard Grossman, the executive director of the Economic Development Council of northeastern Pennsylvania.

And to anybody that is with us and is going to try to help us visit the other site and get to the airport on time, I would appreciate kind of getting ready to go because it is now about 3:25, and, then,

[3] U.S. Chamber of Commerce, 1984.

anybody in the audience that has a statement that they would like to submit for the record, we would be happy to accept any statement that you might have. I believe we have the authority to keep the record for this hearing open for 10 days for any further submissions of any pertinent points that any members from the community would like to make.

Mr. Grossman.

Mr. GROSSMAN. Thank you, Mr. Chairman.

In the interests of your time, I am going to summarize the testimony.

Mr. YOUNG. Without objection, your full statement will be made a part of the record.

Mr. GROSSMAN. Yes, sir.

## TESTIMONY OF HOWARD GROSSMAN, EXECUTIVE DIRECTOR, ECONOMIC DEVELOPMENT COUNCIL OF NORTHEASTERN PA

Mr. GROSSMAN. My name is Howard J. Grossman, and I am executive director of the Economic Development Council of Northeastern Pennsylvania, a private, nonprofit corporation, organized to further economic social and physical development in the seven northeastern counties of the Commonwealth.

Our council is comprised of a 324-member board of directors in the private and public sector. A project of the magnitude of that which is being proposed today would have a significant impact on the economy in the region which traditionally has faced economic distress.

The unemployment rate as well as other economic indicators within northeastern Pennsylvania have not kept pace with the overall current recovery in other parts of the Nation, and, traditionally, northeastern Pennsylvania has had an unemployment rate significantly higher than other parts of the Nation when times have been good, and more sharply defined economic down turns when the Nation's economic picture has not been good.

The information which is part of the overall record of testimony that I have distributed contains a number of reports which show these economic indicators over the last several decades and demonstrates the factual basis for the above statements.

We, of course, request that this information be entered into the record. Therefore, an investment on the part of the General Services Administration to construct a new facility within the Wilkes-Barre community would be a significant addition and accomplish three basic measures.

First of all, create significant numbers of construction jobs in an area and region which needs this type of work force for that period of time during which construction would take place.

Two, retain significant numbers of permanent jobs with the addition of a new facility which would have modern equipment and physical facilities to enable the work performance and productivities of these jobs to be even more productive and efficient even though the current level of productivity is considered by local officials to be extremely high level and excellent quality, and you have heard that point made by many of the persons testifying today.

And, three, acts as an incentive, as appropriate, to add new jobs as required when and if the Social Security Administration desires to facilitate the expansion of existing facilities and establish additional new operations.

Obviously, the construction of a major new office building within the Wilkes-Barre community would be a significant addition to the continuing renaissance of this critical land area of northeastern Pennsylvania, and would contribute to the overall physical and economic development of the entire region and the community of Wilkes-Barre.

Construction of facilities, such as the Social Security building, forms an important link in the overall strategy to encourage office development in an area which has already seen the growth of new office buildings as an important economic incentive for positive, direct and indirect economic changes.

Office buildings create opportunities for retail sales, participation in entertainment and recreational activities and a general boosting of the economy and cultural and physical development important to the quality of life in a given area.

Let me say a few words about economic multipliers. The income multipliers which derive by having these jobs in the Wyoming Valley are significant. The financial bank accounts which are maintained, the taxes which are generated by income, the purchases of goods and services, are those direct and indirect favorable impacts which derive from jobs such as those conducted at the Social Security facility.

I might add that I heard one of the testifiers say that this is a form of high-technology or advanced technology, and we certainly subscribe to that, and believe strongly that is a part of our foundation for economic growth in this region.

It is the contention of the Economic Development Council that these jobs are too valuable to be jeopardized and I am pleased that Congressman Shaw made that statement earlier, that they are not to be jeopardized, and that strong and effective measures must be undertaken to guarantee the construction of a new Social Security building in the Wilkes-Barre community.

Included in this testimony are some of the economic multipliers which I will not mention in detail, but they revolve around the impact of personal income, retail sales, health care payments, savings, local property taxes, and food, restaurant, and other types of sales which come about as a result of having these jobs in this community.

A new organization from which you have just heard has been created in the Wyoming Valley to encourage and advocate economic growth. It is the committee for economic growth which has taken on a number of projects of importance to the goals of improving the valley's economy.

I am pleased to sit on the board of directors of CEG, and I am aware that Ed Schechter, the executive director, of course, has just given his testimony.

The Economic Development Council supports strongly the efforts of CEG and believes that the construction of a new Social Security building within the Wilkes-Barre community would go a long way toward helping CEG to accomplish its goals.

The No. 1 priority in northeastern Pennsylvania, Luzerne County, the Wyoming Valley, and the greater Wilkes-Barre community is jobs, and the expansion of our economic base.

The Economic Development Council, together with many other local organizations, both private and public, spend considerable time to utilize economic growth tools, to encourage the expansion of the existing industries and businesses, and the attraction of new jobs and industries to northeastern Pennsylvania.

A positive decision on the part of the GSA together with the support and endorsement of the House Subcommittee on Public Buildings and Grounds would be an important part of the total economic growth priority which local public and private sector organizations and individuals have advocated as being the highest order of priority.

The Social Security building would be a strong factor in continuing the impressive economic changes which have occurred in the past decade, and which will continue to occur if support is provided through projects of this nature.

It is, therefore, for the above reasons that the Economic Development Council of northeastern Pennsylvania strongly urges, endorses, supports and advocates that the Subcommittee on Public Buildings and Grounds reach a favorable finding and endorses the construction of a new Social Security building within the Wilkes-Barre community.

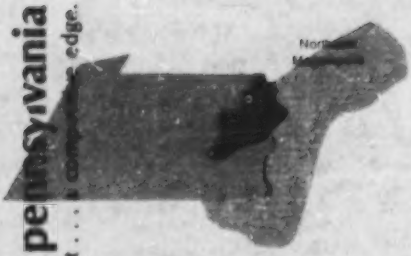
We strongly urge the GSA to construct such a facility, and to accomplish this task as quickly as possible in order to continue the progress and the economic development process so important to this region.

We stand ready to assist in any way possible, and to provide additional information in any counsel or advice that you would seek from our organization.

Thank you for the opportunity to present this testimony.

[Mr. Grossman's prepared statement follows:]

economic development council of northeastern pennsylvania
proximity to market . . . competitive edge.



STATEMENT OF THE ECONOMIC DEVELOPMENT COUNCIL OF NORTHEASTERN PENNSYLVANIA (EDCNP) BEFORE THE HOUSE SUB-COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE ON THE SOCIAL SECURITY BUILDING PROPOSED FOR CONSTRUCTION IN NORTHEASTERN PENNSYLVANIA, PRESENTED AT THE HEARING ON THIS SUBJECT ON MONDAY, MAY 13, 1985, AT THE LUZERNE COUNTY COURTHOUSE, WILKES-BARRE, PENNSYLVANIA . . . .

My name is Howard J. Grossman. I am Executive Director of the Economic Development Council of Northeastern Pennsylvania (EDCNP), a private, non-profit corporation organized to further economic, social, and physical development in the seven Northeastern counties of the Commonwealth. The Council is comprised of a 324 member Board of Directors from the private and public sectors. The work program and staff are made possible by federal and state grants and contracts, as well as contributions from county and municipal governments and membership contributions by private firms, organizations, and individuals.

The Council is an economic development district under the Public Works and Economic Development Act of 1965, as amended, and a local development district under the Appalachian Regional Development Program of 1965, as amended. It is a designated agency to carry out a variety of programs and services through federal, state, and/or local resources. It administers the largest local membership campaign in the nation with respect to regional councils.

Following is a statement in support of the above mentioned project.

50-835 131

SANBURN SUTHERLAND, PRESIDENT
HOWARD J. GROSSMAN, EXECUTIVE DIRECTOR
1151 OAK STREET / PITTSTON, PA 18640-3795 / TEL. 717-655-5581

BACKGROUND OF PROJECT

The project to construct a major facility to house social security operations in the Greater Wilkes-Barre area has been on the drawing boards for at least eight years in relation to local efforts to secure such a facility for the economic betterment of Northeastern Pennsylvania and the Greater Wilkes-Barre area. The proposal as currently envisioned and, as the Economic Development Council understands it, would call for a structure of approximately 250,000 sq. ft. to handle a variety of social security operations and possibly other existing federal agency offices which are now housed in at least four facilities within the Greater Wilkes-Barre area. These facilities utilize the resources of 1,486 employees within a current space usage of 253,800 sq. ft.

It is the understanding of the Economic Development Council that this project would have significant impact on the economic vitality of the Greater Wilkes-Barre area through the consolidation of these operations into a single facility, thus providing a more effective management system for the conduct of social security operations and increasing productivity even beyond the current favorable productivity factors which have contributed to the importance of the social security operations ever since the current facilities were opened.

ECONOMIC IMPACT OF A NEW SOCIAL SECURITY FACILITY

A project of the magnitude of that which is being proposed would have a significant impact on the economy in a region which traditionally has faced economic distress. The unemployment rate, as well as other economic indicators within Northeastern Pennsylvania, have not kept pace with the overall current recovery in other parts of the nation and traditionally, Northeastern Pennsylvania has had an unemployment rate, significantly higher than other parts of the nation when times have been good, and more sharply defined economic downturns when the nation's economic picture has not been good.

The attached information shows the data on various economic indicators within Northeastern Pennsylvania for several decades and demonstrates the factual basis for the above statement. The Council requests that this information be entered into the record.

Therefore, an investment on the part of the General Services Administration to construct a new facility within the Wilkes-Barre community would be a significant addition and accomplish three basic measures:

1. Create significant numbers of construction jobs in an area and region which needs this type of work force for that period of time during which construction would take place.

2. Retain significant numbers of permanent jobs with the addition of a new facility which would have modern equipment and physical facilities to enable the work performance and productivity of these jobs to be even more productive and efficient, even though the current level of productivity is considered by local officials to be of extremely high level and excellent quality.

3. Act as an incentive, as appropriate, to add new jobs as required when and if the Social Security Administration desires to facilitate the expansion of existing facilities and establish additional new operations.

The City of Wilkes-Barre has undergone significant redevelopment following the tragedy of Tropical Storm Agnes in June, 1972, which created the largest national disaster in the history of the United States. The result of this disaster was a major flood which caused the Wyoming Valley -- the general designation of what is considered to be Greater Wilkes-Barre, to undergo the largest urban renewal program in the history of the nation. The results have been a spectacular rebirth, but the job is not complete and the problems of improving the region's and Wyoming Valley's economic base remain.

Obviously, the construction of a major new office building within the Wilkes-Barre community would be a significant addition to the continuing renaissance of this critical land area of Northeastern Pennsylvania and would contribute to the overall physical and economic development of the entire region and the community of Wilkes-Barre. Construction of facilities such as the Social Security building forms an important link in the overall strategy to encourage office development in an area which has already seen the growth of new office buildings as an important economic incentive for positive direct and indirect economic changes. Office buildings create opportunities for retail sales, participation in entertainment and recreational activities, and a general boosting of the economy and cultural and physical development important to the quality of life in a given area.

## MULTIPLIER EFFECT OF FEDERAL AGENCY JOBS

If for some reason the social security jobs currently in Wilkes-Barre were to be removed from the Wilkes-Barre community, it would have a devastating effect on an already distressed community. Not only would the individual person be adversely affected, but the entire community and area would suffer adverse economic consequences which would have repercussions of long-term duration and be counter to the strong efforts which have been launched by the Committee for Economic Growth and others to continue to revitalize the economic base of the Wyoming Valley and Northeastern Pennsylvania.

The income multipliers which derive by having these jobs in the Wyoming Valley are significant. The financial bank accounts which are maintained, the taxes which are generated via property income, sales, the purchase of goods and services, and management are those direct and indirect favorable impacts which derive from jobs such as those connected with the social security facility.

It is the contention of the Economic Development Council of Northeastern Pennsylvania that these jobs are too valuable to be jeopardized and that strong and effective measures must be undertaken to guarantee the construction of a new Social Security building in the Wilkes-Barre community.

The following represents details concerning the multiplier effect of such jobs on the Wilkes-Barre community.

THE ECONOMIC MULTIPLIER EFFECT OF
1500 FEDERAL AGENCY JOBS IN
THE GREATER WILKES-BARRE AREA

| | |
|---|---|
| Primary Employees | 1,500 |
| Additional Employment | 900 |
| TOTAL EMPLOYMENT IMPACT | 2,400 |
| Disposable Personal Income | $66,300,000 |
| Retail Sales | 27,900,000 |
| Health Care Payments | 4,650,000 |
| Savings | 3,300,000 |
| Local Property Taxes | 3,480,000 |
| Food Restaurant & Bar Sales | 10,320,000 |

COMMITTEE FOR ECONOMIC GROWTH IN THE WYOMING VALLEY

A new organization has been created in the Wyoming Valley to encourage and advocate economic growth. It is the Committee for Economic Growth (CEG), which has taken on a number of projects of importance to the goal of improving the Valley's economy. I am pleased to sit on the Board of Directors of CEG, and I am aware that the Executive Director of that organization is presenting testimony to this Sub-Committee.

The Economic Development Council of Northeastern Pennsylvania supports strongly the efforts of the Committee for Economic Growth and believes that the construction of a new Social Security building within the Wilkes-Barre community would go a long way toward helping CEG to accomplish its goals.

PRIORITY FOR THE REGION

The Number One (#1) priority in Northeastern Pennsylvania, Luzerne County, the Wyoming Valley, and the Greater Wilkes-Barre community is jobs and the expansion of our economic base. The Economic Development Council of Northeastern Pennsylvania, together with many other local organizations, both public and private, spend considerable time to utilize economic growth tools to encourage the expansion of existing industries and businesses and the attraction of new jobs and industries to Northeastern Pennsylvania.

A positive decision on the part of the General Services Administration together with the support and endorsement of the House Sub-Committee on Public Buildings and Grounds of the House Public Works and Transportation Committee would be an important part of the total economic growth priority which local public and private sector organizations and individuals have advocated as being the highest order of priority. The Social Security building would be a strong factor in continuing the impressive economic changes which have occurred in past decades and which will continue to occur if support is provided through projects of this nature.

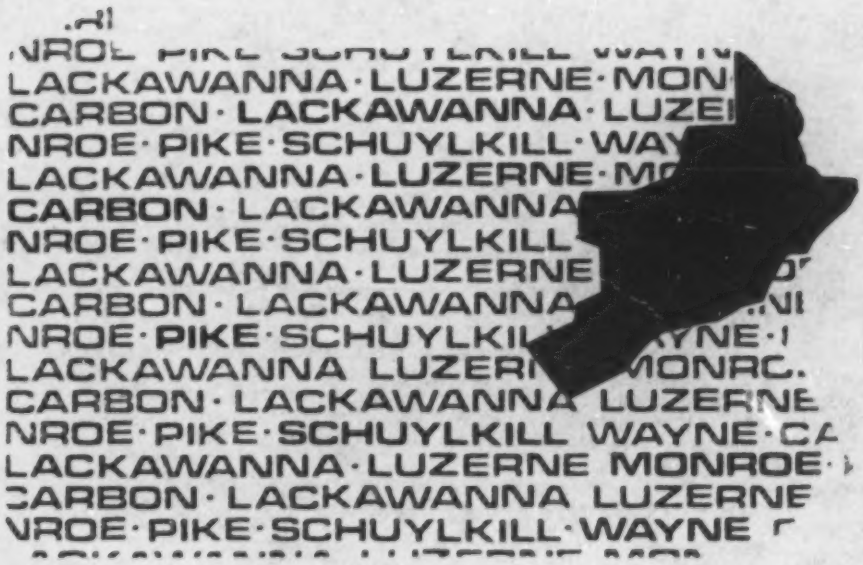
SUMMARY

It is for the above reasons that the Economic Development Council of Northeastern Pennsylvania strongly urges, endorses, supports and advocates that the Sub-Committee on Public Buildings and Grounds of the House Public Works and Transportation Committee reaches a favorable finding and endorses the construction of a new Social Security building within the Wilkes-Barre community. The Economic Development Council strongly urges the General Services Administration to construct such a facility and to accomplish this task as quickly as possible in order to continue the economic development process so important to the future of this region.

The Council stands ready to assist in any way possible in the development of the Social Security building project and would be happy to provide additional information as required by the Sub-Committee and/or the General Services Administration.

Respectfully submitted,

Howard J. Grossman




# 1985 State of the Region

ECONOMIC DEVELOPMENT COUNCIL OF NORTHEASTERN PENNSYLVANIA

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▪ Executive Committee
○ County Commissioner

July, 1984

# 1985 STATE OF THE REGION

PREPARED BY:

ECONOMIC DEVELOPMENT COUNCIL
OF NORTHEASTERN PENNSYLVANIA
1151 OAK STREET
PITTSTON TOWNSHIP, PA 18640-3795

March, 1985

ABSTRACT

The 1985 State of the Region report compares the economic performance of the seven-county area comprising Northeastern Pennsylvania with those of the United State and Pennsylvania. The analysis includes such economic indicators as unemployment rates, total employment, average weekly hours and earnings, inflation and employment structure.

The EDCNP is organized to further economic, social, and physical development in the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne. It accomplishes this purpose through research, planning, development, and related public information activities. These activities are carried out by a full-time professional staff under policies established by a 322-member Board of Directors composed of representatives of major interest groups of both the public and private sectors. The work program and staff are made possible by federal, State, and private grants and contracts; as well as contributions, county and municipal memberships, and memberships by private firms, organizations and individuals throughout the region.

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## INTRODUCTION

Each year, the Economic Development Council of Northeastern Pennsylvania publishes a STATE OF THE REGION report. This report compares the economic performance of the seven-county area (Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne) with those of Pennsylvania and the United States. The analysis includes such economic indicators as unemployment rates, total employment, employment structure, average weekly hours and earnings, and inflation.

The 1985 STATE OF THE REGION report is divided into four chapters. Chapter One briefly describes what occurred during 1984, as well as ideas for the future.

Chapter Two compares the 1984 performance of the region with those of Pennsylvania and the nation.

Chapter Three describes the performance of the economy of Northeastern Pennsylvania during the four-year period 1981 through 1984.

Chapter Four offers an economic outlook of the United States and Northeastern Pennsylvania for 1985.

It should be noted that at the time of publication, data on some of the economic indicators were not available for the fourth quarter of 1984.

## HIGHLIGHTS

- The non-durable goods industry in Northeastern Pennsylvania suffered in 1984.
- Ranked with 328 other cities in Rand McNally's "Places Rated Almanac," Scranton/Wilkes-Barre jumped from 163rd place in 1981 to 64th place in 1985.
- Investments made during 1984 provide a sound basis for the future and allow economic development to proceed on a more optimistic note.
- The Ben Franklin partnership program continued to show great promise to Northeastern Pennsylvania in 1984.
- There were 398,500 residents of Northeastern Pennsylvania who belonged to the civilian labor force during the first quarter of 1984. This number increased to 410,000 in the second quarter and to 427,200 in the third quarter. The size of the labor force fell to 416,200 during the fourth quarter.
- During the first quarter of 1984 there were 47,800 residents of Northeastern Pennsylvania who were counted as being unemployed. This number fell to 43,800 during the second quarter, but went to 49,200 during the third quarter. The number of unemployed residents fell to 40,600 in the fourth quarter.
- The unemployment rate for Northeastern Pennsylvania started 1984 at 12.0 percent. It dropped to 10.7 percent in the second quarter, but increased to 11.5 percent in the third quarter. The fourth quarter average was 9.8 percent.
- The annualized rate of inflation in the Northeast Pennsylvania SMSA between the fourth quarter of 1983 and the first quarter of 1984 was 4.9 percent. Between the first and second quarters of 1984 the annual rate of inflation dropped to 3.7 percent. Between the second and third quarters of 1984 the annual rate of inflation was 4.2 percent. The annualized inflation rate between the third and fourth quarters of 1984 was 4.4 percent.
- Employment by the service industry in Northeastern Pennsylvania averaged 62,100 people during the first quarter of 1984. By the second quarter the average was 65,300 and by the third quarter it was 68,700. Non-goods producing industries account for more than 50 percent of total employment in the region.
- "Blue Chip Indicators" expects about a 4 percent rate of increase in real GNP in the first half of 1985, declining to a 3.2 percent rate by the fourth quarter.
- The work undertaken to attract the proposed GM Saturn plant to Northeastern Pennsylvania resulted in a new unified approach to bringing new jobs to the region.

## CHAPTER ONE: 1984 IN REVIEW

The year 1984 provided mixed signals for economic growth in Northeastern Pennsylvania. This region did not, in all respects, keep pace with the growth experienced nationwide.

In particular, some industrial sectors did not fare well in the region during 1984. For one, the non-durable goods industry in Northeastern Pennsylvania suffered a continuous decline through the first three quarters of 1984. Employment by this industry averaged 58,300 during the first quarter; declined to 58,000 during the second quarter; and declined further in the third quarter to 56,800. There was, however, a slight increase in this industry in the fourth quarter -- rising to 57,000 employees. The major component of the non-durable goods industry in Northeastern Pennsylvania is the textile and apparel industry which has recently been adversely affected by competition from imports.

The investments that were made during 1984 provide a sound basis for the future and allow economic development to proceed on a more optimistic note. Measures are being taken to stimulate economic growth through the infusion of new funds through the Wyoming Valley Committee for Economic Growth, the Scranton Plan, the American City Corporation plan for Greater Pottsville, many Pocono Mountain expansions, as well as other important opportunities which have developed throughout Northeastern Pennsylvania.

Other investments in 1984 came about through the Urban Development Action Grant (UDAG) program. These grants are designed to stimulate private investment in the local economy and generate jobs. UDAG's are available to small communities experiencing severe economic distress. This program is maintained by the Pennsylvania Department of Community Affairs.

Another State program which continued to aid investments in Northeastern Pennsylvania in 1984 was that of the Pennsylvania Industrial Development Authority (PIDA). Various loans were given throughout the region during the year.

A large investment was, also, made by Pennsylvania in Schuylkill County in 1984. Ground was broken in the spring for a $33,000,000 regional medium security correctional facility near Frackville. Completion of the 500 unit facility is scheduled for September of 1987 and will employ 200 people.

As 1984 closed, a new set of financial aid programs came into being in Pennsylvania. These represent a series of programs which originated through a $190 million economic development bond issue. Passed by the voters in April of 1984, the bond issue was implemented by the General Assembly in a series of legislative acts which permitted the State to carry out what the voters had approved.

Northeastern Pennsylvania's viability as a recreation/convention center became even more apparent in 1984. Part of the increased attraction was due to the development of the Hilton at Lackawanna Station and the opening of the Montage Recreational Complex. The expansion of the tourist industry in the Pocono Counties of Carbon, Monroe, Pike, and Wayne also continued through 1984.

Passenger traffic at the Scranton/Wilkes-Barre International Airport increased 9 percent in 1984 following a 13 percent gain the preceding year. The airport's general aviation terminal and operations office were remodeled in 1984 and a project to double the size of the passenger parking area is scheduled for completion in the summer of 1985. Ground was broken in December of 1984 for a 1,050-foot expansion of the main runway.

The image of Northeastern Pennsylvania was given a boost in February, 1985 when Rand McNally's "Places Rates Almanac" ranked the Scranton/Wilkes-Barre Metropolitan Statistical Area 64th among 328 other metropolitan areas in the United States on its overall "best cities" list. The Northeast Pennsylvania SMSA was ranked 163rd in 1981 by the same company.

During the first two months of 1985, a team of regional business and industrial groups prepared material to help attract the proposed General Motors Saturn car production plant to Northeastern Pennsylvania. Spokesmen for these groups used this material when they visited the General Motors executives in Detroit in March.

As part of that presentation, the local ambassadors showed GM officials a ten minute film detailing why they think this region would be a good choice to locate the plant. Even if the plant does not locate in Northeastern Pennsylvania, the exercise was a means of putting together our region's first high-powered marketing package.

Perhaps the challenges and opportunities expressed in this report are best typified by what the region may expect in connection with the debate over the Federal budget presently going on in Congress. The result of this debate could have a definite impact on Northeastern Pennsylvania. This region has benefitted tremendously from Federal programs such as the Appalachian Regional Development Program and the Public Works and Economic Development Act Program.

The accelerating deficit in the Federal budget has led to proposals to cut back many programs and governmental support systems. The Appalachian Regional Development Program (ARD) and the Public Works and Economic Development Program (EDA) are two such elements which are being proposed for abandonment by the Federal government. These two programs are critical to the economic future of Northeastern Pennsylvania, as well as to all other regions throughout the United States. Therefore, Northeastern Pennsylvania officials and citizens should strive to maintain those Federal programs which show promise for the future, such as ARC and EDA.

The second chapter of this report compares the economic performance of Northeastern Pennsylvania with those of Pennsylvaia and the United States. The third chapter then looks at the long-term performance of the economy of Northeastern Pennsylvania.

The fourth and final chapter of this report looks into the future of the economy of Northeastern Pennsylvania. Although the future is always an uncertainty, thoughts are provided for those who need such insight in their planning.

## CHAPTER TWO: RELATIVE ECONOMIC PERFORMANCE OF NORTHEASTERN PENNSYLVANIA DURING 1984

This chapter compares the performance of the economy of Northeastern Pennsylvania during 1984 with those of Pennsylvania and the United States. The relative performance of the Region in 1984 is compared with that of 1981 through 1983. The analysis covers the behavior of various economic indicators such as unemployment rates, total employment, average weekly hours and earnings, inflation rates, and employment changes by various industrial sectors.

### LABOR FORCE AND UNEMPLOYMENT

#### UNITED STATES

The size of the civilian labor force in the United States was 111,406,000 during the first quarter of 1984. The labor force grew to 113,599,000 in the second quarter and to 115,039,000 in the third quarter. This continuous growth indicates that people were becoming more confident of finding work.

This confidence was reinforced by the decline in the number of unemployed people over the first three quarters of 1984. During the first quarter, there were 9,406,000 members of the labor force who were unemployed. This declined to 8,420,000 in the second quarter and to 8,382,000 in the third quarter. During the previous recession, the unemployment level peaked at 12,259,000. This occurred during the first quarter of 1983.

During the first quarter of 1984, the rate of unemployment in the United States was 8.4 percent. This ratio between the number of unemployed and the size of the labor force declined to 7.4 percent during the second quarter and to 7.3 percent during the third quarter. The most recent peak in this rate occurred during the first quarter of 1983 when it reached 11.2 percent. The 7.3 percent rate experienced during the third quarter of 1984 was the first time this rate was duplicated since the third quarter of 1981.

#### PENNSYLVANIA

The size of Pennsylvania's civilian labor force during the first quarter of 1984 was 5,336,000. This increased to 5,462,000 during the second quarter and to 5,586,000 during the third quarter. Pennsylvania also followed the national trend with its drop in the number of people unemployed between the first and second quarters of 1984. The number was 545,000 in the first quarter and 493,000 in the second quarter. The downward trend was reversed in the third quarter when the level of unemployment increased to 519,000.

NORTHEASTERN PENNSYLVANIA

There were 398,500 residents of Northeastern Pennsylvania who belonged to the civilian labor force during the first quarter of 1984. This number increased to 410,000 in the second quarter and to 427,200 in the third quarter. Over this three quarter period, Carbon County's labor force increased by 1,300; Lackawanna County's increased by 4,800; Luzerne County's increased by 12,500; Monroe County's increased by 600; Pike/Wayne Counties' increased by 6,000; and Schuylkill County's increased by 3,500. It should be noted that the seasonal peak of activity in the Pocono Counties (Carbon, Monroe, Pike, and Wayne) occurs during the third quarter. This activity tends to cause the size of its labor force to increase.

During the first quarter of 1984 there were 47,800 residents of Northeastern Pennsylvania who were counted as being unemployed. This number fell to 43,800 during the second quarter, but went to 49,200 during the third quarter. The greatest increase between the second and third quarters occurred in Luzerne County. The unemployment level in Carbon County was 3,200 during the first quarter of 1984. It dropped to 3,100 in the second quarter. The level continued to drop between the second and third quarters when it reached 3,000. Lackawanna County's unemployment level averaged 10,700 during the first quarter of 1984. It declined by 1,000 in the second quarter to 9,700. During the third quarter, it increased to 10,000. The level of unemployment in Luzerne County began 1984 at 18,800; declined to 18,500 in the second quarter; and increased to 22,900 in the third quarter. Monroe County's unemployment levels in 1984 were 3,800 in the first quarter; 3,000 in the second quarter; and 2,800 in the third quarter. In Pike/Wayne Counties they were 2,800 in the first quarter; 1,900 in the second quarter; and 1,600 in the third quarter. The unemployment level in Schuylkill County was 8,500 during the first quarter of 1984. It declined to 7,600 in the second quarter but then increased to 8,900 in the third quarter.

The unemployment rate for Northeastern Pennsylvania started 1984 at 12.0 percent. It dropped to 10.7 percent in the second quarter, but increased to 11.5 percent in the third quarter. Carbon County's rates were 12.3 percent in the first quarter, 11.6 percent in the second quarter, and 11.0 percent in the third quarter. Lackawanna County's rate began 1984 at 10.7 percent, went down to 9.5 percent in the second quarter, and inched up to 9.6 percent in the third quarter. In Monroe County, the unemployment rate began 1984 at 12.3 percent. It declined to 9.6 percent in the second quarter, and to 8.9 percent in the third quarter. Pike/Wayne Counties experienced an unemployment rate of 12.3 percent during the first quarter of 1984. It dropped to 7.7 percent in the second quarter and to 5.6 percent in the third quarter. Schuylkill County's rate during the first quarter of 1984 was 12.9 percent (the highest in Northeastern Pennsylvania). Schuylkill County's rate dropped to 11.4 percent in the second quarter, but went back up to 12.8 percent in the third quarter.

TOTAL EMPLOYMENT

The level of employment in the UNITED STATES was 102,000,000 during the first quarter of 1984. The level was over three million higher in the second quarter reaching 105,179,000. Between the second and third quarters an additional one million people were added to the employment roles in the United States bringing the total to 106,657,000.

PENNSYLVANIA'S level of employment also experienced a continuous rise through the first three quarters of 1984. It began the year at 4,791,000. It then increased to 4,969,000 in the second quarter; and to 5,067,000 in the third quarter.

In NORTHEASTERN PENNSYLVANIA there were 353,600 residents with jobs during the first quarter of 1984. The employment figure for the second quarter increased to 366,100. The upward movement continued between the second and third quarters by increasing to 378,000.

## DURABLE GOODS EMPLOYMENT

Known as "hard goods," durable goods refer to manufactured or processed items generally considered to have a normal life expectancy of three years or more. The durable goods manufacturing industries are ordnance; lumber and wood; furniture; stone, clay, glass, primary and fabricated metals; electrical and non-electrical machinery; transportation equipment; instruments; and miscellaneous manufacturing.

In the UNITED STATES these industries employed 11,432,000 people during the first quarter of 1984. This increased to 11,600,000 in the second quarter. In the third quarter the figure continued its upward trend, reaching 11,712,000. These employment figures for 1984 compare favorably to those for 1983, indicating a recovery within the sector.

In PENNSYLVANIA, the durable goods industry employed 639,500 people during the first quarter of 1984. This was 26,800 more than during the first quarter of 1983, but 91,400 less than during the first quarter of 1982. During the second quarter of 1984, employment by this industry statewide was 651,300 -- up 11,800 from the first quarter of 1984 and up 32,200 from the second quarter of 1983. The employment level declined between the second and third quarters of 1984 falling to 647,200. Although this employment level was 4,100 below that of the second quarter of 1984, it was 20,400 higher than that of the third quarter of 1983.

The durable goods industry employed 33,400 people in NORTHEASTERN PENNSYLVANIA during the first quarter of 1984. Employment by this industry climbed to 31,400 during the second quarter and remained at this level during the third quarter. As is evidenced by the increases in employment between 1983 and 1984, the durable goods industry showed signs of recovery in Nortgheastern Pennsylvania over the past year. The industry has not returned to the level of 1981 when it employed 36,500.

## NON-DURABLE GOODS EMPLOYMENT

Known as "soft goods," non-durable goods refer to manufactured or processed items generally considered to last for a short time -- three years or less. The non-durable manufacturing industries include food, tobacco, textiles, apparel, paper, printing, chemicals, petroleum, rubber, and leather. This industry employed 7,942,000 people in the UNITED STATES during the fist quarter of 1984. This industry increased its employment level to 7,976,000 in the second quarter. By the third quarter of 1984, employment by the industry was back down to 7,962,000.

PENNSYLVANIA'S non-durable goods industry followed the national trend by beginning 1984 at 473,300; increasing to 474,100 in the second quarter; and dropping to 470,900 in the third quarer.

The non-durable goods industry in NORTHEASTERN PENNSYLVANIA suffered a continuous decline through the first three quarters of 1984. Employment by this industry averaged 58,300 during the first quarter; declined to 58,000 during the second quarter; and declined further in the third quarter to 56,800. The third quarter average was the lowest since the 56,400 of the third quarter of 1982. The largest component of the non-durable goods industry in Northeastern Pennsylvania is the textile and apparel industry which has recently been adversely affected by competition from imports.

## WHOLESALE AND RETAIL EMPLOYMENT

The wholesale and retail trade industries employed 21,408,000 people in the UNITED STATES during the first quarter of 1984. Employment by this industry grew by 466,000 between the first and second quarters but fell by 216,000 between the second and third quarters. Overall, however, this industry was stronger in 1984 than it was in 1983, 1982, or 1981.

This industry employed 993,700 people in PENNSYLVANIA during the first quarter of 1984. The employment level increased to 1,016,700 in the second quarter, but declined to 1,011,400 in the third quarter. As on the national level, this industry in Pennsylvania showed more strength in 1984 than it did in any of the years between 1981 and 1983. The lowest employment level by this industry in Pennsylvania during the years between 1981 and 1984 occurred during the first quarter of 1983 when it stood at 937,500.

Employment by the wholesale and retail trade industry in NORTHEASTERN PENNSYLVANIA totaled 64,400 during the first quarter of 1984. The employment level by this industry increased to 67,100 during the second quarter, but dropped to 66,600 in the third quarter.

## SERVICE TRADES EMPLOYMENT

The service trades include establishments primarily engaged in providing services for individuals, businesses and government establishments, and other organizations. Hotels and other lodging places; health, legal, engineering, and other professional services; educational institutions; membership organizations; and other miscellaneous services, are also included.

In the UNITED STATES this industry employed 20,273,000 during the first quarter of 1984. Employment by this industry averaged 20,560,000 during the second quarter and 20,759,000 during the third quarter. This upward movement was a continuation of the long term trend of increased activity in this industry.

The service industry also showed strength in PENNSYLVANIA during 1984. Employment by this industry in the State totaled 1,066,000 during the first quarter of 1984. The employment level increased to 1,100,500 during the second quarter and to 1,107,000 in the third quarter.

Employment by this industry in NORTHEASTERN PENNSYLVANIA averaged 62,100 people during the first quarter of 1984. By the second quarter the average was 65,300 and by the third quarter it was 68,700.

## AVERAGE WEEKLY HOURS

Production workers within the manufacturing sector in the UNITED STATES worked, on average, 40.7 hours per week during the first quarter of 1984. Average weekly hours increased to 40.8 in the second quarter, but declined to 40.5 in the third quarter. Each of the three quarterly averages seen, to date, in 1984, was higher than the comparable averages for 1983, 1982, or 1981.

The average work week of production workers in PENNSYLVANIA during the first quarter of 1984 was 40.1 hours. This was one-half hour longer than the average for the fourth quarter of 1983. The average for the second quarter reached 40.2 hours in the second quarter, but slipped to 40.0 hours in the third quarter.

The length of the average work week of production workers within the NORTHEAST PENNSYLVANIA SMSA (composed of Lackawanna, Luzerne, and Monroe Counties) continued its long standing deficit with respect to the State and national averages in 1984. During the first quarter of 1984 the average was 37.8 hours. The average increased to 37.9 hours in the second quarter but dropped in the third quarter to 37.1 hours.

## AVERAGE WEEKLY EARNINGS

On average, production workers in manufacturing earned $369.12 per week in the UNITED STATES during the first quarter of 1984. Weekly earnings increased to $371.49 during the third quarter. The rate of increase between the first quarter of 1983 and the first quarter of 1984 was 7.8 percent. The annual rate of increase dropped in the second quarter to 5.8 percent and to 4.1 percent in the third quarter.

In PENNSYLVANIA the average production worker earned $371.38 per week during the first quarter of 1984 (10.6 percent above the figure for the first quarter of 1983). In the second quarter of 1984 average weekly earnings increased to $373.99 (7.7 percent higher than that seen during the second quarter of 1983). Average weekly earnings of production workers in the Commonwealth declined to $373.87 in the third quarter of 1984. This third quarter average was 3.1 percent higher than that seen during the third quarter of 1983.

In the NORTHEAST PENNSYLVANIA SMSA the average production worker earned $284.64 per week during the first quarter of 1984. This was 9.1 percent above the average for the first quarter of 1983. Average weekly earnings increased to $286.27 during the second quarter of 1984 -- 5.4 percent above the average for the second quarter of 1983. During the third quarter of 1984, average weekly earnings were $287.03.

The rates of increase between the second quarters of 1983 and 1984, as well as between the third quarters of 1983 and 1984 were less in the Northeast Pennsylvania SMSA than in Pennsylvania and the United States. Because of this relatively slow growth, the Northeast Pennsylvania SMSA lost ground to the other two areas with respect to average weekly earnings.

## RATE OF INFLATION

At an annual rate, prices of all goods and services (as measured by the Consumer Price Index for All Urban Consumers) in the UNITED STATES increased by 4.4 percent between the fourth quarter 1983 and the first quarter of 1984. The annual rate dipped to 4.3 percent between the first and second quarters of 1984, but went back up to 4.4 percent in the third quarter.

The annual inflation rate in the NORTHEAST PENNSYLVANIA SMSA between the fourth quarter of 1983 and the first quarter of 1984 was 4.9 percent (one-half of a percentage point above the national average). The regional rate dropped to 3.7 percent in the second quarter, but went up to 4.2 percent in the third quarter.

## GROSS NATIONAL PRODUCT

Using real gross national product (real GNP) as an indicator, the national economy has been expanding since the third quarter of 1982. During that quarter, the value of all goods and services produced in the United States (after adjusting for price increases since 1972) -- real GNP -- totaled $1.4771 trillion. By the first quarter of 1984, real GNP was $1.6109 trillion. It increased to $1.6388 trillion during the second quarter and to $1.6496 during the third quarter.

During the first quarter of 1984 personal consumption expenditures on durable goods in the United States (adjusted for price increases) was $173.7 billion. Expenditures (in real terms) on these items increased to $178.6 billion during the second quarter of 1984, but declined to $177.0 billion during the third quarter. Expenditures (in 1972 dollars) on non-durable goods also peaked in the second quarter. They began the year at $387.1 billion; increased to $396.6 billion in the second quarter; and fell back to $396.1 billion in the third quarter. Personal consumption expenditures on services (adjusted to 1972 dollars) totaled $483.4 billion in the United States during the first quarter of 1984. Real expenditures on these services increased to $488.9 billion during the second quarter. Unlike expenditures on durable and non-durable goods, those on services grew between the second and third quarters of 1984. During the third quarter expenditures on services equalled $491.5 billion.

## SUMMARY

The NUMBER OF UNEMPLOYED in Northeastern Pennsylvania during the first quarter of 1984 was 47,800. As usual, unemployment dropped in the second quarter. This time it fell to 43,800. The number of unemployed persons increased to 49,200 in the third quarter.

The RATE OF UNEMPLOYMENT in Northeastern Pennsylvania averaged 12.0 percent during the first quarter of 1984; dropped to 10.7 percent during the second quarter; but increased to 11.5 percent in the third quarter.

The NUMBER OF EMPLOYED people in Northeastern Pennsylvania averaged 353,600 during the first quarter of 1984; 366,100 during the second quarter; and 378,000 during the third quarter.

EMPLOYMENT IN THE DURABLE GOODS MANUFACTURING INDUSTRY in Northeastern Pennsylvania averaged 33,400 during the first quarter of 1984; 34,100 during the second quarter, and, again, 34,100 during the third quarter.

EMPLOYMENT IN THE NON-DURABLE GOODS MANUFACTURING INDUSTRY in Northeastern Pennsylvania averaged 58,300 during the first quarter of 1984. The number declined to 58,000 in the second quarter and to 56,800 in the third quarter.

EMPLOYMENT IN THE WHOLESALE AND RETAIL TRADES averaged 64,400 during the first quarter of 1984 in Northeastern Pennsylvania; 67,100 during the second quarter; and 66,600 during the third quarter.

SERVICE TRADE EMPLOYMENT averaged 62,100 people during the first quarter of 1984 in Northeastern Pennsylvania. Average employment in this industry increased in the second quarter to 65,300 and to 68,700 in the third quarter.

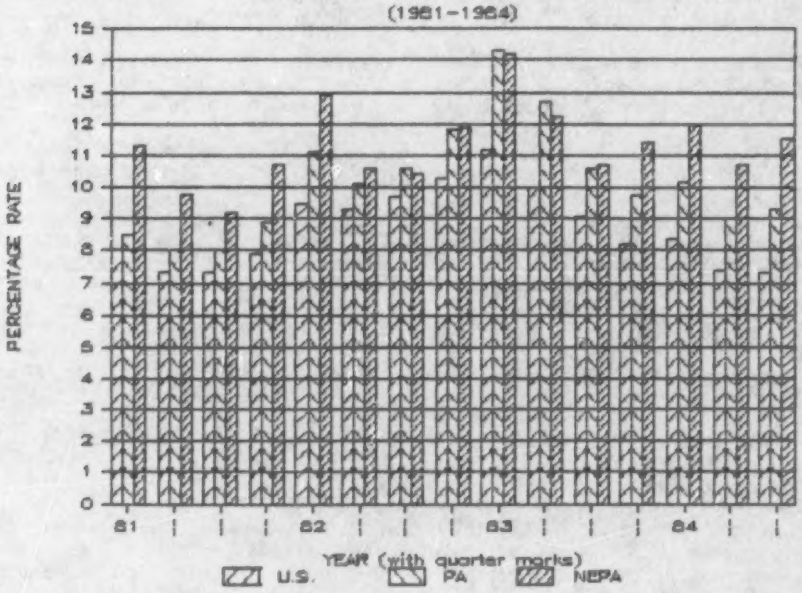
AVERAGE WEEKLY HOURS worked by production workers in manufacturing within the Northeast Pennsylvania SMSA during the first quarter of 1984 was 37.8. The average increased to 37.9 hours during the second quarter but fell to 37.1 hours in the third quarter.

AVERAGE WEEKLY EARNINGS of production workers in manufacturing in the Northeast Pennsylvania SMSA was $284.64 during the first quarter of 1984; $286.27 during the second quarter; and $287.03 during the third quarter.

The annualized RATE OF INFLATION in the Northeast Pennsylvania SMSA between the fourth quarter of 1983 and the first quarter of 1984 was 4.9 percent. Between the first and second quarters of 1984 the annual rate of inflation dropped to 3.7 percent. Between the second and third quarters of 1984 the annual rate of inflation was 4.2 percent.

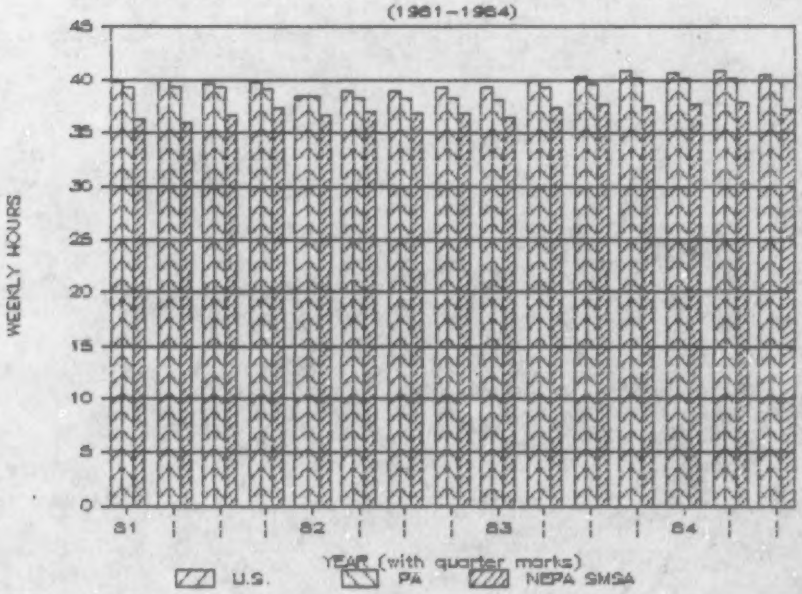
## RATE OF UNEMPLOYMENT

(1981-1984)



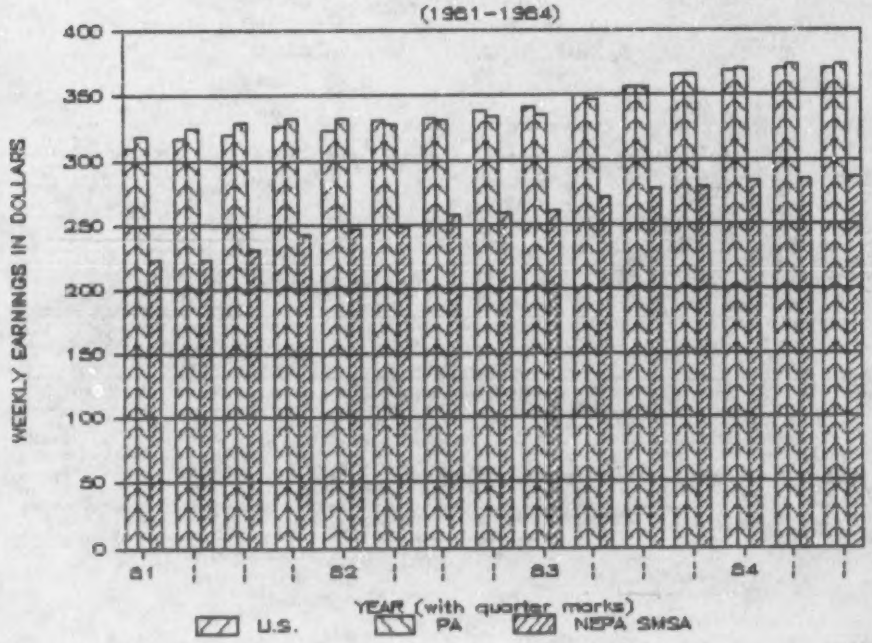

## AVERAGE WEEKLY HOURS

(1981-1984)



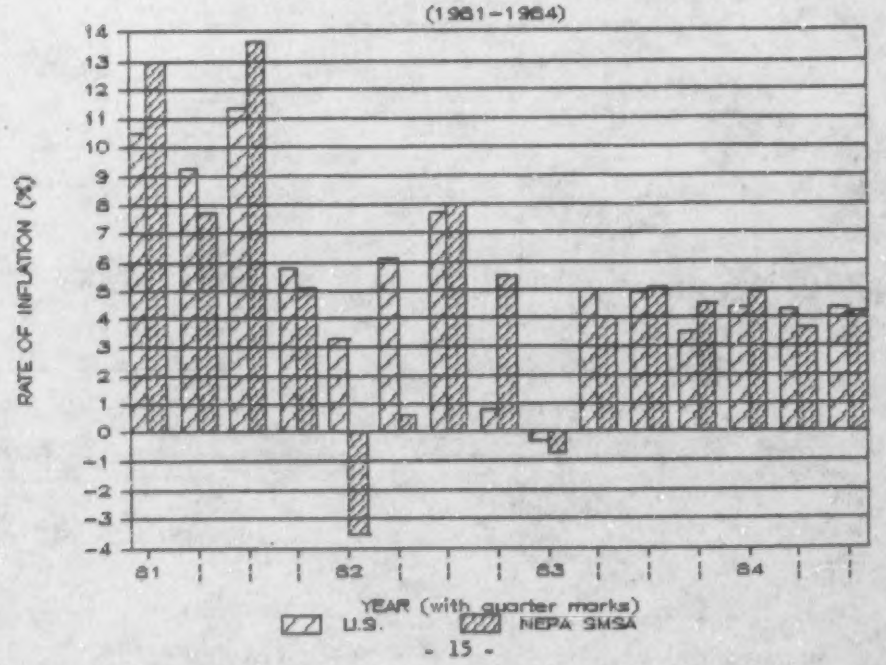
## AVERAGE WEEKLY EARNINGS

(1981-1984)

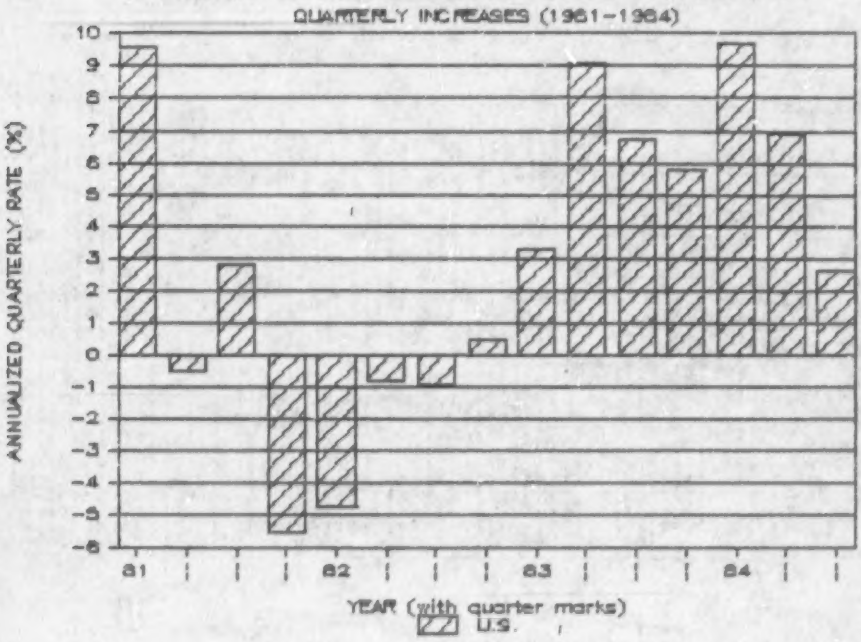



## ANNUAL INFLATION RATE

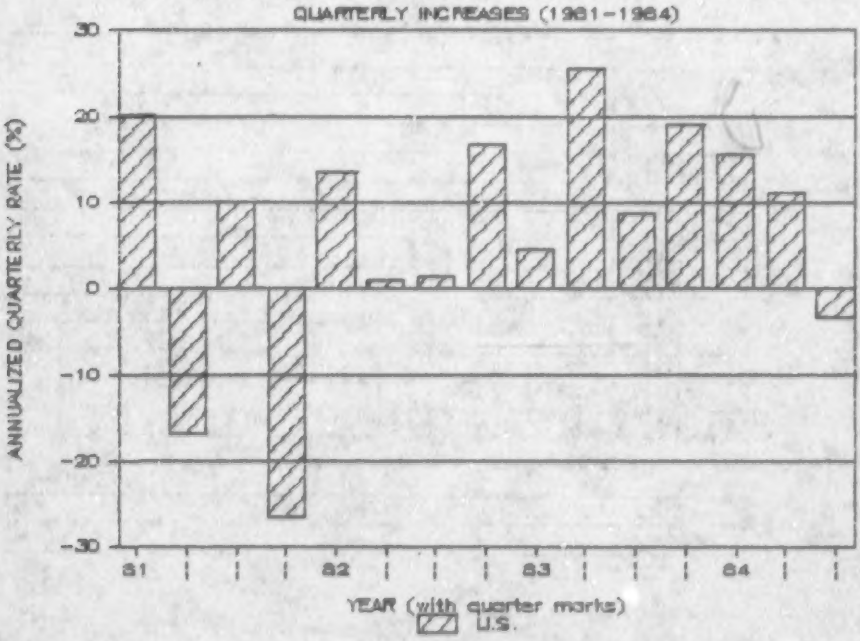
(1981-1984)



## REAL GROSS NATIONAL PRODUCT

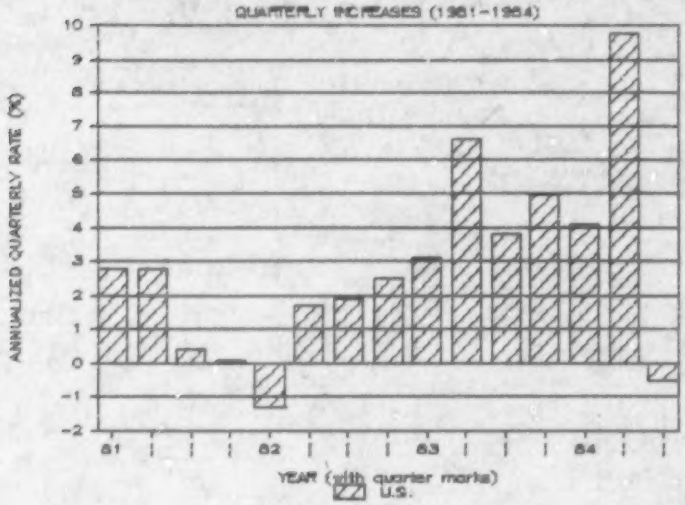



## EXPENDITURES ON DURABLE GOODS



## EXPENDITURES ON NONDURABLE GOODS

QUARTERLY INCREASES (1981-1984)




## EXPENDITURES ON SERVICES

QUARTERLY INCREASES (1981-1984)

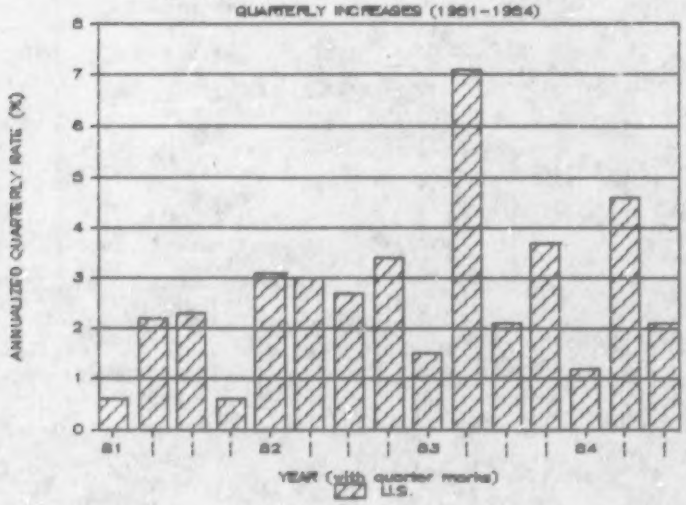


TABLE 1
LABOR FORCE AND UNEMPLOYMENT
(1984-1981)

| YEAR: 1984 | UNEMPLOYMENT (1,000s) | | | UNEMPLOYMENT RATE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-84 | Q2-84 | Q3-84 |
| UNITED STATES | 9496.0 | 8420.0 | 8382.0 | 8.4 | 7.4 | 7.3 |
| PENNSYLVANIA | 545.0 | 493.0 | 519.0 | 10.2 | 9.0 | 9.3 |
| NE PA | 47.8 | 43.8 | 49.2 | 12.0 | 10.7 | 11.5 |
| NE PA SMSA | 33.3 | 31.2 | 35.7 | 11.7 | 10.7 | 11.8 |
| Carbon County | 3.2 | 3.1 | 3.0 | 12.3 | 11.6 | 11.0 |
| Lackawanna Co. | 10.7 | 9.7 | 10.0 | 10.7 | 9.5 | 9.6 |
| Luzerne County | 18.8 | 18.5 | 22.9 | 12.3 | 11.7 | 13.8 |
| Monroe County | 3.8 | 3.0 | 2.8 | 12.3 | 9.6 | 8.9 |
| Pike/Wayne Co. | 2.8 | 1.9 | 1.6 | 12.3 | 7.7 | 5.6 |
| Schuylkill Co. | 8.5 | 7.6 | 8.9 | 12.9 | 11.4 | 12.8 |

| YEAR: 1983 | UNEMPLOYMENT RATE | | | | |
|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE |
| UNITED STATES | 11.2 | 10.0 | 9.1 | 8.2 | 9.6 |
| PENNSYLVANIA | 14.3 | 12.7 | 10.6 | 9.8 | 11.8 |
| NE PA | 14.2 | 12.2 | 10.7 | 11.4 | 12.1 |
| NE PA SMSA | 13.6 | 11.9 | 10.8 | 11.3 | 11.9 |
| Carbon County | 16.5 | 14.4 | 11.8 | 12.9 | 13.9 |
| Lackawanna Co. | 12.4 | 11.1 | 9.8 | 9.8 | 10.7 |
| Luzerne County | 14.3 | 12.7 | 12.1 | 12.6 | 12.9 |
| Monroe County | 14.1 | 10.5 | 7.7 | 9.8 | 10.7 |
| Pike/Wayne Co. | 11.7 | 8.3 | 5.7 | 8.1 | 8.4 |
| Schuylkill Co. | 16.7 | 14.3 | 12.1 | 12.3 | 13.9 |

TABLE 1 (Continued)

| YEAR: 1982 | UNEMPLOYMENT RATE | | | | |
|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE |
| UNITED STATES | 9.5 | 9.3 | 9.7 | 10.3 | 9.7 |
| PENNSYLVANIA | 11.1 | 10.1 | 10.6 | 11.8 | 10.9 |
| NE PA | 12.9 | 10.6 | 10.4 | 11.9 | 11.4 |
| NE PA SMSA | 12.4 | 10.6 | 10.5 | 11.6 | 11.3 |
| Carbon County | 13.4 | 11.2 | 11.2 | 13.8 | 12.3 |
| Lackawanna Co. | 11.8 | 10.6 | 9.5 | 10.6 | 10.7 |
| Luzerne County | 13.0 | 10.8 | 11.4 | 12.5 | 11.9 |
| Monroe County | 11.4 | 10.1 | 9.3 | 10.9 | 10.4 |
| Pike/Wayne Co. | 12.2 | 7.9 | 5.5 | 8.8 | 8.3 |
| Schuylkill Co. | 14.8 | 11.1 | 11.8 | 13.0 | 12.7 |

| YEAR: 1981 | UNEMPLOYMENT RATE | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 8.0 | 7.3 | 7.3 | 7.9 | 7.6 |
| PENNSYLVANIA | 8.5 | 8.0 | 8.0 | 8.9 | 8.3 |
| NE PA | 11.3 | 9.8 | 9.2 | 10.7 | 10.3 |
| NE PA SMSA | 11.0 | 9.5 | 9.3 | 10.5 | 10.1 |
| Carbon County | 14.1 | 13.7 | 9.9 | 11.1 | 12.4 |
| Lackawanna Co. | 10.4 | 8.9 | 8.0 | 9.2 | 9.2 |
| Luzerne County | 11.1 | 9.6 | 10.3 | 11.7 | 10.7 |
| Monroe County | 12.7 | 10.6 | 8.5 | 9.0 | 10.3 |
| Pike/Wayne Co. | 11.7 | 8.2 | 6.5 | 9.4 | 8.7 |
| Schuylkill Co. | 11.3 | 10.6 | 9.5 | 11.6 | 10.7 |

TABLE 1 (Continued)

| YEAR: 1983 | UNEMPLOYMENT (1,000s) | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 12259.0 | 11123.0 | 10316.0 | 9168.0 | 10716.5 | 0.4 |
| PENNSYLVANIA | 766.0 | 690.0 | 592.0 | 548.0 | 649.0 | 8.3 |
| NE PA | 55.8 | 49.2 | 45.3 | 47.3 | 49.4 | 6.9 |
| NE PA SMSA | 38.2 | 34.0 | 32.2 | 33.5 | 34.5 | 6.5 |
| Carbon County | 4.3 | 3.8 | 3.2 | 3.5 | 3.7 | 12.1 |
| Lackawanna Co. | 12.2 | 11.2 | 10.2 | 10.1 | 10.9 | 0.9 |
| Luzerne County | 21.7 | 19.6 | 19.6 | 20.3 | 20.3 | 9.7 |
| Monroe County | 4.3 | 3.2 | 2.4 | 3.1 | 3.3 | 3.1 |
| Pike/Wayne Co. | 2.3 | 2.0 | 1.6 | 1.9 | 2.0 | 0.0 |
| Schuylkill Co. | 11.0 | 9.4 | 8.3 | 8.4 | 9.3 | 10.7 |

| YEAR: 1982 | UNEMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 10284.0 | 10267.0 | 10814.0 | 11349.0 | 10678.5 | 31.4 |
| PENNSYLVANIA | 604.0 | 550.0 | 591.0 | 653.0 | 599.5 | 32.2 |
| NE PA | 51.5 | 42.5 | 42.8 | 48.0 | 46.2 | 11.9 |
| NE PA SMSA | 35.4 | 30.3 | 30.4 | 33.6 | 32.4 | 11.7 |
| Carbon County | 3.6 | 3.0 | 3.0 | 3.7 | 3.3 | -2.9 |
| Lackawanna Co. | 11.9 | 10.7 | 9.7 | 10.7 | 10.8 | 12.5 |
| Luzerne County | 20.0 | 16.5 | 17.8 | 19.5 | 18.5 | 11.4 |
| Monroe County | 3.5 | 3.1 | 2.9 | 3.4 | 3.2 | 14.3 |
| Pike/Wayne Co. | 2.7 | 1.9 | 1.5 | 2.0 | 2.0 | 0.0 |
| Schuylkill Co. | 9.8 | 7.3 | 7.9 | 8.7 | 8.4 | 21.7 |

TABLE 1 (Continued)

| YEAR: 1981 | UNEMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 8349.0 | 7740.0 | 7793.0 | 8635.0 | 8129.3 |
| PENNSYLVANIA | 457.0 | 431.0 | 439.0 | 487.0 | 453.5 |
| NE PA | 45.3 | 39.3 | 37.4 | 43.0 | 41.3 |
| NE PA SMSA | 31.6 | 27.0 | 26.9 | 30.3 | 29.0 |
| Carbon County | 3.9 | 3.8 | 2.7 | 3.0 | 3.4 |
| Lackawanna Co. | 10.9 | 9.3 | 8.4 | 9.6 | 9.6 |
| Luzerne County | 17.2 | 14.8 | 16.2 | 18.3 | 16.6 |
| Monroe County | 3.5 | 2.9 | 2.3 | 2.4 | 2.8 |
| Pike/Wayne Co. | 2.5 | 1.9 | 1.6 | 2.1 | 2.0 |
| Schuylkill Co. | 7.3 | 6.6 | 6.2 | 7.6 | 6.9 |

| YEAR: 1984 | CIVILIAN LABOR FORCE (1,000s) | | | | | % INCREASE 1983-1984 |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q4-84 | ANNUAL AVERAGE | |
| UNITED STATES | 111406.0 | 113599.0 | 115039.0 | NA | 113348.0 | 1.6 |
| PENNSYLVANIA | 5336.0 | 5462.0 | 5586.0 | NA | 5461.3 | -0.7 |
| NE PA | 398.5 | 410.0 | 427.2 | NA | 411.9 | 1.1 |
| NE PA SMSA | 284.0 | 291.0 | 301.9 | NA | 292.6 | 1.0 |
| Carbon County | 26.0 | 26.0 | 27.3 | NA | 26.7 | 0.0 |
| Lackawanna Co. | 99.9 | 102.5 | 104.7 | NA | 102.4 | 0.6 |
| Luzerne County | 153.1 | 158.1 | 165.6 | NA | 158.9 | 1.1 |
| Monroe County | 31.0 | 31.2 | 31.6 | NA | 31.3 | 1.3 |
| Pike/Wayne Co. | 22.7 | 24.7 | 28.7 | NA | 25.4 | 6.3 |
| Schuylkill Co. | 65.0 | 66.7 | 69.3 | NA | 67.3 | 0.3 |

TABLE 1 (Continued)

| YEAR: 1983 | CIVILIAN LABOR FORCE (1,000s) | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 109766.0 | 111189.0 | 113252.0 | 111995.0 | 111550.5 | 1.2 |
| PENNSYLVANIA | 5361.0 | 5454.0 | 5609.0 | 5570.0 | 5498.5 | 0.2 |
| NE PA | 391.6 | 402.2 | 421.4 | 414.5 | 407.4 | 0.7 |
| NE PA SMSA | 280.2 | 285.8 | 297.5 | 295.7 | 289.8 | 0.9 |
| Carbon County | 26.0 | 26.3 | 27.1 | 27.2 | 26.7 | -0.4 |
| Lackawanna Co. | 98.3 | 100.8 | 104.6 | 103.4 | 101.8 | 0.4 |
| Luzerne County | 151.4 | 154.5 | 161.8 | 160.8 | 157.1 | 1.4 |
| Monroe County | 30.5 | 30.5 | 31.1 | 31.5 | 30.9 | 0.0 |
| Pike/Wayne Co. | 19.6 | 24.2 | 28.3 | 23.5 | 23.9 | -0.4 |
| Schuylkill Co. | 65.8 | 65.9 | 68.5 | 68.1 | 67.1 | 1.2 |

| YEAR: 1982 | CIVILIAN LABOR FORCE (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 108366.0 | 110099.0 | 111653.0 | 110700.0 | 110204.5 | 3.0 |
| PENNSYLVANIA | 5423.0 | 5430.0 | 5557.0 | 5541.0 | 5487.8 | 0.9 |
| NE PA | 400.4 | 401.4 | 410.9 | 405.0 | 404.4 | 0.5 |
| NE PA SMSA | 285.5 | 285.0 | 289.9 | 288.6 | 287.3 | -0.1 |
| Carbon County | 26.8 | 26.8 | 26.9 | 26.8 | 26.8 | -2.2 |
| Lackawanna Co. | 100.9 | 101.4 | 102.0 | 101.4 | 101.4 | -3.3 |
| Luzerne County | 154.0 | 152.9 | 156.8 | 156.1 | 155.0 | -0.3 |
| Monroe County | 30.6 | 30.7 | 31.1 | 31.1 | 30.9 | 13.6 |
| Pike/Wayne Co. | 22.1 | 23.9 | 27.3 | 22.8 | 24.0 | 4.3 |
| Schuylkill Co. | 66.0 | 65.7 | 66.8 | 66.8 | 66.3 | 2.8 |

TABLE 1 (Continued)

| YEAR: 1981 | CIVILIAN LABOR FORCE (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 104961.0 | 106549.0 | 107381.0 | 108999.0 | 106972.5 |
| PENNSYLVANIA | 5370.0 | 5396.3 | 5489.0 | 5492.0 | 5436.8 |
| NE PA | 400.6 | 399.1 | 407.1 | 402.5 | 402.3 |
| NE PA SMSA | 287.0 | 285.6 | 289.6 | 287.8 | 287.5 |
| Carbon County | 27.6 | 27.7 | 27.2 | 27.0 | 27.4 |
| Lackawanna Co. | 105.1 | 104.7 | 105.4 | 104.5 | 104.9 |
| Luzerne County | 154.3 | 153.6 | 157.2 | 156.6 | 155.4 |
| Monroe County | 27.6 | 27.3 | 27.0 | 26.7 | 27.2 |
| Pike/Wayne Co. | 21.4 | 23.3 | 24.8 | 22.4 | 23.0 |
| Schuylkill Co. | 64.6 | 62.5 | 65.5 | 65.3 | 64.5 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES:
1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 2
TOTAL EMPLOYMENT
(1984-1981)

| YEAR: 1984 | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 102000.0 | 105179.0 | 106657.0 | 4.6 | 5.1 | 3.6 |
| PENNSYLVANIA | 4791.0 | 4969.0 | 5067.0 | 4.3 | 4.3 | 1.0 |
| NE PA | 353.6 | 366.1 | 378.0 | 4.6 | 3.7 | 0.5 |
| NE PA SMSA | 250.7 | 260.5 | 266.2 | 3.6 | 3.5 | 0.3 |
| Carbon County | 22.8 | 23.7 | 24.3 | 5.1 | 5.3 | 0.8 |
| Lackawanna Co. | 89.2 | 92.7 | 94.7 | 3.5 | 3.5 | 0.3 |
| Luzerne County | 134.3 | 139.6 | 142.6 | 3.5 | 3.5 | 0.3 |
| Monroe County | 27.2 | 28.2 | 28.9 | 3.8 | 3.3 | 0.3 |
| Pike/Wayne Co. | 19.9 | 22.8 | 27.1 | 2.6 | 2.7 | 1.5 |
| Schuylkill Co. | 60.2 | 59.1 | 60.4 | 9.9 | 4.6 | 0.5 |

| YEAR: 1983 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 97507.0 | 100065.0 | 102936.0 | 102827.0 | 100833.8 | 1.3 |
| PENNSYLVANIA | 4595.0 | 4764.0 | 5018.0 | 5022.0 | 4849.8 | -0.8 |
| NE PA | 338.0 | 353.0 | 376.3 | 367.2 | 358.6 | 0.2 |
| NE PA SMSA | 242.1 | 251.8 | 265.4 | 262.2 | 255.4 | 0.2 |
| Carbon County | 21.7 | 22.5 | 24.1 | 23.7 | 23.0 | -1.7 |
| Lackawanna Co. | 86.2 | 89.6 | 94.4 | 93.3 | 90.9 | 0.2 |
| Luzerne County | 129.7 | 134.9 | 142.2 | 140.5 | 136.8 | 0.2 |
| Monroe County | 26.2 | 27.3 | 28.8 | 28.4 | 27.7 | 0.4 |
| Pike/Wayne Co. | 19.4 | 22.2 | 26.7 | 21.6 | 22.5 | 2.3 |
| Schuylkill Co. | 54.8 | 56.5 | 60.1 | 59.7 | 57.8 | 0.2 |

TABLE 2 (Continued)

| YEAR: 1982 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 98083.0 | 99833.0 | 100839.0 | 99351.0 | 99526.5 | 0.7 |
| PENNSYLVANIA | 4819.0 | 4880.0 | 4966.0 | 4889.0 | 4888.5 | -1.7 |
| NE PA | 348.8 | 357.9 | 368.1 | 357.0 | 358.0 | -1.1 |
| NE PA SMSA | 250.1 | 254.8 | 259.4 | 255.0 | 254.8 | -1.6 |
| Carbon County | 23.1 | 23.5 | 23.8 | 23.2 | 23.4 | -2.1 |
| Lackawanna Co. | 89.0 | 90.7 | 92.3 | 90.8 | 90.7 | -3.6 |
| Luzerne County | 134.0 | 136.5 | 139.0 | 136.6 | 136.5 | -1.7 |
| Monroe County | 27.1 | 27.6 | 28.1 | 27.6 | 27.6 | 6.8 |
| Pike/Wayne Co. | 19.3 | 22.0 | 26.2 | 20.6 | 22.0 | 2.1 |
| Schuylkill Co. | 56.3 | 57.6 | 58.7 | 58.2 | 57.7 | -0.3 |

| YEAR: 1981 | EMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 96610.0 | 98889.0 | 99588.0 | 100364.0 | 98842.8 |
| PENNSYLVANIA | 4912.0 | 4965.0 | 5050.0 | 4960.0 | 4971.8 |
| NE PA | 355.0 | 362.1 | 373.0 | 358.5 | 362.2 |
| NE PA SMSA | 255.3 | 258.6 | 263.9 | 257.5 | 258.8 |
| Carbon County | 23.5 | 23.9 | 24.3 | 23.9 | 23.9 |
| Lackawanna Co. | 94.2 | 94.4 | 93.9 | 93.9 | 94.1 |
| Luzerne County | 137.1 | 138.8 | 141.4 | 138.2 | 138.9 |
| Monroe County | 24.0 | 25.4 | 28.6 | 25.4 | 25.9 |
| Pike/Wayne Co. | 18.9 | 21.4 | 25.5 | 20.4 | 21.6 |
| Schuylkill Co. | 57.3 | 58.2 | 59.3 | 56.7 | 57.9 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES:
1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 3
DURABLE GOODS EMPLOYMENT
(1984-1981)

| YEAR: 1984 | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 11432.0 | 11600.0 | 11712.0 | 7.8 | 7.7 | 7.4 |
| PENNSYLVANIA | 639.5 | 651.3 | 647.2 | 4.4 | 5.2 | 3.3 |
| NE PA | 33.4 | 34.1 | 34.1 | 8.8 | 9.3 | 7.2 |
| NE PA SMSA | 25.9 | 26.6 | 26.3 | 5.7 | 6.8 | 4.8 |
| Carbon County | 2.1 | 2.2 | 2.2 | 16.7 | 15.8 | 10.0 |
| Pike/Wayne Co. | 0.8 | 0.8 | 0.8 | -11.1 | 0.0 | 0.0 |
| Schuylkill Co. | 4.6 | 4.5 | 4.8 | 31.4 | 25.0 | 23.1 |

| YEAR: 1983 | EMPLOYMENT (1,000s) | | | | | % IN-CREASE |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | 1982-1983 |
| UNITED STATES | 10606.0 | 10774.0 | 10910.0 | 11169.0 | 10864.9 | -2.2 |
| PENNSYLVANIA | 612.7 | 619.1 | 626.8 | 638.9 | 624.2 | -7.9 |
| NE PA | 30.7 | 31.2 | 31.8 | 32.3 | 31.5 | -2.8 |
| NE PA SMSA | 24.5 | 24.9 | 25.1 | 25.5 | 25.0 | -2.7 |
| Carbon County | 1.8 | 1.9 | 2.0 | 1.9 | 1.9 | -13.6 |
| Pike/Wayne Co. | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | -11.1 |
| Schuylkill Co. | 3.5 | 3.6 | 3.9 | 4.1 | 3.8 | 8.6 |

TABLE 3 (Continued)

| YEAR: 1982 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 11562.0 | 11303.0 | 11009.0 | 10585.0 | 11114.0 | -8.4 |
| PENNSYLVANIA | 736.9 | 698.9 | 659.5 | 623.2 | 678.1 | -14.2 |
| NE PA | 33.6 | 33.0 | 31.7 | 31.1 | 32.4 | -10.5 |
| NE PA SMSA | 26.8 | 26.3 | 25.1 | 24.7 | 25.7 | -10.5 |
| Carbon County | 2.4 | 2.3 | 2.1 | 2.0 | 2.2 | -15.4 |
| Pike/Wayne Co. | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | -10.0 |
| Schuylkill Co. | 3.5 | 3.5 | 3.6 | 3.5 | 3.5 | -12.5 |

| YEAR: 1981 | EMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 12086.0 | 12246.0 | 12332.0 | 11895.0 | 12139.0 |
| PENNSYLVANIA | 792.6 | 799.8 | 799.7 | 770.4 | 790.6 |
| NE PA | 36.5 | 36.5 | 36.6 | 35.3 | 36.2 |
| NE PA SMSA | 29.1 | 28.9 | 28.9 | 27.9 | 28.7 |
| Carbon County | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Pike/Wayne Co. | 0.9 | 1.0 | 1.0 | 0.9 | 1.0 |
| Schuylkill Co. | 3.9 | 4.0 | 4.1 | 3.9 | 4.0 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 4
NON-DURABLE GOODS EMPLOYMENT
(1984-1981)

| YEAR: 1984 | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 7932.0 | 7976.0 | 7962.0 | 3.7 | 3.5 | 2.5 |
| PENNSYLVANIA | 473.3 | 474.1 | 470.9 | 1.7 | 0.5 | -1.0 |
| NE PA | 58.3 | 58.0 | 56.8 | 1.7 | 1.8 | -0.2 |
| NE PA SMSA | 38.1 | 37.6 | 36.9 | 2.4 | 2.5 | 1.4 |
| Carbon County | 4.4 | 4.3 | 4.2 | -2.2 | -4.4 | -6.7 |
| Pike/Wayne Co. | 2.0 | 2.1 | 2.1 | 0.0 | 5.0 | 0.0 |
| Schuylkill Co. | 13.8 | 14.0 | 13.6 | 1.5 | 1.4 | -2.2 |

| YEAR: 1983 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 7646.0 | 7710.0 | 7766.0 | 7847.0 | 7742.3 | 0.1 |
| PENNSYLVANIA | 465.3 | 471.6 | 475.5 | 477.6 | 472.5 | -3.2 |
| NE PA | 57.3 | 57.0 | 56.9 | 57.7 | 57.2 | -2.9 |
| NE PA SMSA | 37.2 | 36.7 | 36.4 | 37.0 | 36.8 | -2.6 |
| Carbon County | 4.5 | 4.5 | 4.5 | 4.7 | 4.6 | -2.1 |
| Pike/Wayne Co. | 2.0 | 2.0 | 2.1 | 2.1 | 2.1 | 0.0 |
| Schuylkill Co. | 13.6 | 13.8 | 13.9 | 13.9 | 13.8 | -3.5 |

TABLE 4 (Continued)

| YEAR: 1982 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 7868.0 | 7768.0 | 7677.0 | 7634.0 | 7736.0 | -4.6 |
| PENNSYLVANIA | 497.2 | 493.2 | 483.3 | 479.6 | 488.3 | -4.0 |
| NE PA | 61.4 | 60.1 | 56.4 | 57.6 | 58.9 | -7.7 |
| NE PA SMSA | 39.7 | 38.6 | 36.0 | 36.9 | 37.8 | -8.9 |
| Carbon County | 4.7 | 4.7 | 4.5 | 4.8 | 4.7 | -4.1 |
| Pike/Wayne Co. | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | 0.0 |
| Schuylkill Co. | 14.8 | 14.7 | 13.8 | 13.8 | 14.3 | -6.5 |

| YEAR: 1981 | EMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 8095.0 | 8144.0 | 8198.0 | 7997.0 | 8108.5 |
| PENNSYLVANIA | 505.1 | 509.4 | 514.7 | 505.8 | 508.8 |
| NE PA | 63.8 | 64.7 | 64.2 | 62.4 | 63.8 |
| NE PA SMSA | 42.0 | 42.2 | 41.6 | 40.1 | 41.5 |
| Carbon County | 4.9 | 4.9 | 4.9 | 5.0 | 4.9 |
| Pike/Wayne Co. | 2.0 | 2.0 | 2.0 | 2.2 | 2.1 |
| Schuylkill Co. | 14.9 | 15.6 | 15.7 | 15.1 | 15.3 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 5
WHOLESALE AND RETAIL EMPLOYMENT
(1984-1981)

| YEAR: 1984 | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 21488.0 | 21874.0 | 21658.0 | 5.2 | 7.3 | 4.1 |
| PENNSYLVANIA | 993.7 | 1016.7 | 1011.4 | 6.0 | 5.5 | 3.9 |
| NE PA | 64.4 | 67.1 | 66.6 | 5.1 | 6.2 | 2.5 |
| NE PA SMSA | 50.9 | 52.3 | 52.3 | 6.0 | 6.1 | 2.8 |
| Carbon County | 2.8 | 2.9 | 2.8 | 3.7 | 7.4 | 3.7 |
| Pike/Wayne Co. | 2.0 | 3.0 | 2.7 | -9.1 | 11.1 | -3.6 |
| Schuylkill Co. | 8.7 | 8.9 | 8.8 | 3.6 | 4.7 | 2.3 |

| YEAR: 1983 | EMPLOYMENT (1,000s) | | | | | % INCREASE |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | 1982-1983 |
| UNITED STATES | 20349.0 | 20393.0 | 20801.0 | 21139.0 | 20670.5 | 0.7 |
| PENNSYLVANIA | 937.5 | 963.8 | 973.9 | 1002.3 | 969.4 | 0.2 |
| NE PA | 61.3 | 63.2 | 65.0 | 66.1 | 63.9 | 3.2 |
| NE PA SMSA | 48.0 | 49.3 | 50.9 | 52.0 | 50.1 | 3.7 |
| Carbon County | 2.7 | 2.7 | 2.7 | 2.8 | 2.7 | -3.6 |
| Pike/Wayne Co. | 2.2 | 2.7 | 2.8 | 2.5 | 2.6 | 4.0 |
| Schuylkill Co. | 8.4 | 8.5 | 8.6 | 8.8 | 8.6 | 3.6 |

TABLE 5 (Continued)

| YEAR: 1982 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 20652.0 | 20610.0 | 20552.0 | 20307.0 | 20530.3 | -0.4 |
| PENNSYLVANIA | 961.9 | 972.3 | 963.2 | 971.3 | 967.2 | -1.9 |
| NE PA | 61.2 | 61.9 | 62.0 | 62.3 | 61.9 | -1.0 |
| NE PA SMSA | 47.9 | 48.4 | 48.3 | 48.7 | 48.3 | -3.4 |
| Carbon County | 2.8 | 2.8 | 2.7 | 2.8 | 2.8 | 0.0 |
| Pike/Wayne Co. | 2.3 | 2.5 | 2.7 | 2.4 | 2.5 | 13.6 |
| Schuylkill Co. | 8.2 | 8.2 | 8.3 | 8.4 | 8.3 | 9.2 |

| YEAR: 1981 | EMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 20588.0 | 20590.0 | 20643.0 | 20600.0 | 20605.3 |
| PENNSYLVANIA | 968.1 | 989.8 | 984.6 | 1002.0 | 986.1 |
| NE PA | 62.0 | 62.4 | 62.3 | 63.4 | 62.5 |
| NE PA SMSA | 49.9 | 49.9 | 49.7 | 50.4 | 50.0 |
| Carbon County | 2.7 | 2.8 | 2.7 | 2.8 | 2.8 |
| Pike/Wayne Co. | 1.9 | 2.2 | 2.4 | 2.3 | 2.2 |
| Schuylkill Co. | 7.5 | 7.5 | 7.5 | 7.9 | 7.6 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 6
SERVICE EMPLOYMENT
(1984-1981)

| YEAR: 1984 | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 20273.0 | 20560.0 | 20759.0 | 5.1 | 5.1 | 4.7 |
| PENNSYLVANIA | 1066.9 | 1100.5 | 1107.0 | 2.6 | 3.3 | 4.5 |
| NE PA | 62.1 | 65.3 | 68.7 | 4.5 | 5.7 | 6.2 |
| NE PA SMSA | 50.3 | 52.4 | 53.8 | 3.9 | 5.4 | 5.9 |
| Carbon County | 2.6 | 2.8 | 2.9 | 4.0 | 7.7 | 11.5 |
| Pike/Wayne Co. | 3.1 | 3.8 | 5.8 | 6.9 | 0.0 | 3.6 |
| Schuylkill Co. | 6.1 | 6.3 | 6.2 | 8.9 | 10.5 | 8.8 |

| YEAR: 1983 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 19285.0 | 19564.0 | 19824.0 | 20042.0 | 19678.0 | 2.7 |
| PENNSYLVANIA | 1038.5 | 1065.6 | 1059.0 | 1071.9 | 1059.0 | 4.1 |
| NE PA | 59.4 | 61.8 | 64.7 | 61.8 | 61.9 | 1.5 |
| NE PA SMSA | 48.4 | 49.7 | 50.8 | 50.3 | 49.8 | 1.6 |
| Carbon County | 2.5 | 2.6 | 2.6 | 2.7 | 2.6 | 4.0 |
| Pike/Wayne Co. | 2.9 | 3.8 | 5.6 | 3.2 | 3.9 | 2.6 |
| Schuylkill Co. | 5.6 | 5.7 | 5.7 | 5.6 | 5.7 | 0.0 |

TABLE 6 (Continued)

| YEAR: 1982 | EMPLOYMENT (1,000s) | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 18867.0 | 18960.0 | 19616.0 | 19182.0 | 19156.3 | 3.1 |
| PENNSYLVANIA | 1892.9 | 1825.5 | 1818.9 | 1822.9 | 1817.6 | 1.1 |
| NE PA | 57.8 | 61.8 | 64.6 | 69.4 | 61.8 | 8.0 |
| NE PA SMSA | 47.2 | 49.1 | 50.6 | 49.0 | 49.0 | 9.1 |
| Carbon County | 2.3 | 2.5 | 2.5 | 2.5 | 2.5 | 4.2 |
| Pike/Wayne Co. | 2.8 | 3.7 | 5.6 | 3.1 | 3.8 | -2.6 |
| Schuylkill Co. | 5.5 | 5.7 | 5.9 | 5.8 | 5.7 | 7.5 |

| YEAR: 1981 | EMPLOYMENT (1,000s) | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 18338.0 | 18516.0 | 18659.0 | 18807.0 | 18580.0 |
| PENNSYLVANIA | 979.9 | 1869.4 | 1815.4 | 1820.2 | 1806.2 |
| NE PA | 53.9 | 55.9 | 57.9 | 58.2 | 56.5 |
| NE PA SMSA | 43.5 | 44.3 | 44.6 | 47.3 | 44.9 |
| Carbon County | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 |
| Pike/Wayne Co. | 2.8 | 3.9 | 5.7 | 3.1 | 3.9 |
| Schuylkill Co. | 5.3 | 5.3 | 5.2 | 5.4 | 5.3 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.



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TABLE 7
AVERAGE WEEKLY HOURS
OF PRODUCTION WORKERS IN MANUFACTURING
(1984-1981)

| YEAR: 1984 | WEEKLY HOURS | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | 40.7 | 40.8 | 40.5 | 3.8 | 2.0 | 0.5 |
| PENNSYLVANIA | 40.1 | 40.2 | 40.0 | 5.5 | 2.6 | 1.0 |
| NE PA SMSA | 37.8 | 37.9 | 37.1 | 3.6 | 1.6 | -1.6 |

| YEAR: 1983 | WEEKLY HOURS | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | 39.2 | 40.0 | 40.3 | 40.9 | 40.1 | 3.1 |
| PENNSYLVANIA | 38.0 | 39.2 | 39.6 | 40.1 | 39.2 | 2.3 |
| NE PA SMSA | 36.5 | 37.3 | 37.7 | 37.5 | 37.3 | 1.4 |

| YEAR: 1982 | WEEKLY HOURS | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | 38.5 | 39.0 | 38.9 | 39.3 | 38.9 | -2.3 |
| PENNSYLVANIA | 38.5 | 38.3 | 38.2 | 38.3 | 38.3 | -2.3 |
| NE PA SMSA | 36.6 | 37.0 | 36.9 | 36.8 | 36.8 | 0.5 |

TABLE 7 (Continued)

| YEAR: 1981 | WEEKLY HOURS | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 39.8 | 40.0 | 39.6 | 39.8 | 39.8 |
| PENNSYLVANIA | 39.3 | 39.3 | 39.2 | 39.1 | 39.2 |
| NE PA SMSA | 36.3 | 35.9 | 36.7 | 37.3 | 36.6 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 8
AVERAGE WEEKLY EARNINGS
OF PRODUCTION WORKERS IN MANUFACTURING
(1984-1981)

| YEAR: 1984 | WEEKLY EARNINGS | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q1-83 Q1-84 | Q2-83 Q2-84 | Q3-83 Q3-84 |
| UNITED STATES | $369.12 | $371.79 | $371.49 | 7.8 | 5.8 | 4.1 |
| PENNSYLVANIA | $371.38 | $373.99 | $373.87 | 10.6 | 7.7 | 4.9 |
| NE PA SMSA | $284.64 | $286.27 | $287.03 | 9.1 | 5.4 | 3.1 |

| YEAR: 1983 | WEEKLY EARNINGS | | | | | % INCREASE 1982-1983 |
|---|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE | |
| UNITED STATES | $342.34 | $351.47 | $356.96 | $366.89 | $354.42 | 7.1 |
| PENNSYLVANIA | $335.93 | $347.22 | $356.41 | $366.10 | $351.42 | 6.2 |
| NE PA SMSA | $260.98 | $271.54 | $278.49 | $279.65 | $272.67 | 7.7 |

| YEAR: 1982 | WEEKLY EARNINGS | | | | | % INCREASE 1981-1982 |
|---|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE | |
| UNITED STATES | $322.19 | $329.82 | $332.59 | $339.87 | $330.92 | 4.2 |
| PENNSYLVANIA | $332.59 | $327.18 | $329.89 | $333.64 | $330.83 | 1.5 |
| NE PA SMSA | $247.51 | $248.52 | $258.08 | $259.00 | $253.28 | 10.0 |

TABLE 8 (Continued)

| YEAR: 1981 | WEEKLY EARNINGS | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | $308.46 | $316.28 | $319.57 | $326.59 | $317.73 |
| PENNSYLVANIA | $318.72 | $324.24 | $328.76 | $331.72 | $325.86 |
| NE PA SMSA | $223.49 | $224.02 | $231.45 | $242.25 | $230.30 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCES: 1. SURVEY OF CURRENT BUSINESS. United States Department of Commerce. Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
3. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.

TABLE 9
CONSUMER PRICE INDEX AND INFLATION
(1984-1981)

| YEAR: 1984 | ALL URBAN CONSUMERS' INDEX | | | | |
|---|---|---|---|---|---|
| AREA | Q1-84 | Q2-84 | Q3-84 | Q4-84 | ANNUAL AVERAGE |
| UNITED STATES | 306.4 | 309.7 | 313.1 | NA | 309.7 |
| NE PA SMSA | 292.0 | 294.7 | 297.8 | NA | 294.8 |

| YEAR: 1983 | ALL URBAN CONSUMERS' INDEX | | | | |
|---|---|---|---|---|---|
| AREA | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE |
| UNITED STATES | 293.2 | 296.9 | 300.5 | 303.1 | 298.4 |
| NE PA SMSA | 278.9 | 281.7 | 285.3 | 288.5 | 283.6 |

| YEAR: 1982 | ALL URBAN CONSUMERS' INDEX | | | | |
|---|---|---|---|---|---|
| AREA | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE |
| UNITED STATES | 283.0 | 287.3 | 292.8 | 293.4 | 289.1 |
| NE PA SMSA | 269.8 | 270.2 | 275.6 | 279.4 | 273.8 |

| YEAR: 1981 | ALL URBAN CONSUMERS' INDEX | | | | |
|---|---|---|---|---|---|
| AREA | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 262.9 | 269.0 | 276.7 | 280.7 | 272.3 |
| NE PA SMSA | 255.0 | 259.9 | 268.8 | 272.2 | 264.0 |

TABLE 9 (Continued)

| YEAR: 1984 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| AREA | Q4-83 Q1-84 | Q1-84 Q2-84 | Q2-84 Q3-84 | Q3-84 Q4-84 | ANNUAL AVERAGE |
| UNITED STATES | 4.4 | 4.3 | 4.4 | NA | 3.8 |
| NE PA SMSA | 4.9 | 3.7 | 4.2 | NA | 3.9 |

| YEAR: 1983 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| AREA | Q4-82 Q1-83 | Q1-83 Q2-83 | Q2-83 Q3-83 | Q3-83 Q4-83 | ANNUAL AVERAGE |
| UNITED STATES | -0.3 | 5.0 | 4.9 | 3.5 | 3.2 |
| NE PA SMSA | -0.7 | 4.0 | 5.1 | 4.5 | 3.6 |

| YEAR: 1982 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| AREA | Q4-81 Q1-82 | Q1-82 Q2-82 | Q2-82 Q3-82 | Q3-82 Q4-82 | ANNUAL AVERAGE |
| UNITED STATES | 3.3 | 6.1 | 7.7 | 0.8 | 6.2 |
| NE PA SMSA | -3.5 | 0.6 | 8.0 | 5.5 | 3.7 |

| YEAR: 1981 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| AREA | Q4-80 Q1-81 | Q1-81 Q2-81 | Q2-81 Q3-81 | Q3-81 Q4-81 | ANNUAL AVERAGE |
| UNITED STATES | 10.5 | 9.3 | 11.4 | 5.8 | 10.2 |
| NE PA SMSA | 13.0 | 7.7 | 13.7 | 5.1 | 10.6 |

NOTE: The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.

SOURCE: CONSUMER PRICE INDEX LETTER. United States Department of Labor. Bureau of Labor Statistics.

TABLE 10
REAL GROSS NATIONAL PRODUCT
(1984-1981)

| YEAR: 1984 | BILLIONS OF 1972 DOLLARS | | | | |
|---|---|---|---|---|---|
| ITEM | Q1-84 | Q2-84 | Q3-84 | Q4-84 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 1610.9 | 1638.8 | 1649.6 | NA | 1633.1 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 173.7 | 178.6 | 177.0 | NA | 176.4 |
| NON-DURABLE GOODS | 387.1 | 396.6 | 396.1 | NA | 393.3 |
| SERVICES | 483.4 | 488.9 | 491.5 | NA | 487.9 |

| YEAR: 1983 | BILLIONS OF 1972 DOLLARS | | | | |
|---|---|---|---|---|---|
| ITEM | Q1-83 | Q2-83 | Q3-83 | Q4-83 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 1491.0 | 1524.8 | 1550.2 | 1572.7 | 1534.7 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 146.8 | 156.2 | 159.6 | 167.2 | 157.5 |
| NON-DURABLE GOODS | 368.8 | 374.9 | 378.5 | 383.2 | 376.4 |
| SERVICES | 466.8 | 475.1 | 477.6 | 482.0 | 475.4 |

| YEAR: 1982 | BILLIONS OF 1972 DOLLARS | | | | |
|---|---|---|---|---|---|
| ITEM | Q1-82 | Q2-82 | Q3-82 | Q4-82 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 1483.5 | 1480.5 | 1477.1 | 1478.9 | 1480.0 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 138.5 | 138.8 | 139.3 | 145.2 | 140.5 |
| NON-DURABLE GOODS | 360.5 | 362.0 | 363.7 | 366.0 | 363.1 |
| SERVICES | 454.7 | 458.1 | 461.2 | 465.1 | 459 |

TABLE 10 (Continued)

| YEAR: 1981 | BILLIONS OF 1972 DOLLARS | | | | |
|---|---|---|---|---|---|
| ITEM | Q1-81 | Q2-81 | Q3-81 | Q4-81 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 1513.5 | 1511.7 | 1522.1 | 1501.3 | 1512.2 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 146.1 | 140.0 | 143.5 | 134.0 | 140.9 |
| NON-DURABLE GOODS | 358.7 | 361.2 | 361.6 | 361.7 | 360.8 |
| SERVICES | 445.4 | 447.9 | 450.5 | 451.2 | 448.8 |

| YEAR: 1984 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| ITEM | Q4-83 Q1-84 | Q1-84 Q2-84 | Q2-84 Q3-84 | Q3-84 Q4-84 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 9.7 | 6.9 | 2.6 | NA | 6.4 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 15.6 | 11.3 | -3.6 | NA | 12.0 |
| NON-DURABLE GOODS | 4.1 | 9.8 | -0.5 | NA | 4.5 |
| SERVICES | 1.2 | 4.6 | 2.1 | NA | 2.6 |

| YEAR: 1983 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| ITEM | Q4-82 Q1-83 | Q1-83 Q2-83 | Q2-83 Q3-83 | Q3-83 Q4-83 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 3.3 | 9.1 | 6.7 | 5.8 | 3.7 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 4.4 | 25.6 | 8.7 | 19.0 | 12.1 |
| NON-DURABLE GOODS | 3.1 | 6.6 | 3.8 | 5.0 | 3.7 |
| SERVICES | 1.5 | 7.1 | 2.1 | 3.7 | 3.4 |

TABLE 10 (Continued)

| YEAR: 1982 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| ITEM | Q4-81 Q1-82 | Q1-82 Q2-82 | Q2-82 Q3-82 | Q3-92 Q4-82 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | -4.7 | -0.8 | -0.9 | 0.5 | -2.1 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 13.4 | 0.9 | 1.4 | 16.9 | -0.3 |
| NON-DURABLE GOODS | -1.3 | 1.7 | 1.9 | 2.5 | 0.6 |
| SERVICES | 3.1 | 3.0 | 2.7 | 3.4 | 2.5 |

| YEAR: 1981 | ANNUAL PERCENTAGE INCREASE | | | | |
|---|---|---|---|---|---|
| ITEM | Q4-80 Q1-81 | Q1-81 Q2-81 | Q2-81 Q3-81 | Q3-81 Q4-81 | ANNUAL AVERAGE |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | 9.6 | -0.5 | 2.8 | -5.5 | 9. |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | |
| DURABLE GOODS | 20.4 | -16.7 | 10.0 | -26.5 | 3.8 |
| NON-DURABLE GOODS | 2.8 | 2.8 | 0.4 | 0.1 | 0.7 |
| SERVICES | 0.6 | 2.2 | 2.3 | 0.6 | 1.8 |

SOURCE: SURVEY OF CURRENT BUSINESS. United States Department of Commerce.

## CHAPTER THREE: LONG TERM PERFORMANCE OF NORTHEASTERN PENNSYLVANIA'S ECONOMY

In the previous chapter, the economic performance of Northeastern Pennsylvania was compared with those of Pennsylvania and the United States. In this chapter, the performance of the regional economy during 1984 will be compared with what occurred regionally between 1981 and 1983.

### RATE OF UNEMPLOYMENT

The average unemployment rate during the first three quarters of 1984 was 11.4 percent. This compares with 10.3 percent in 1981, 11.5 percent in 1982, and 12.1 percent in 1983.

Throughout the four year period, the unemployment rate declined between the first and second quarters. The unemployment rate for the first quarter averaged 12.6 percent during this period, while the second quarter rate averaged 12.2 percent. The third quarter unemployment rates seen in 1981 through 1983 were below the corresponding second quarter rates. In 1984, however, the rate went from 10.7 percent in the second quarter to 11.5 percent in the third quarter. The fourth quarter average was 9.8 percent.

### UNEMPLOYMENT

On average, there were 46,900 unemployed residents of Northeastern Pennsylvania during the first three quarters of 1984. As per usual, the number of unemployed persons in the region started the year at a rather high level (47,800) and declined in the second quarter (43,800). Unfortunately, the downward trend did not continue into the third quarter of 1984. During this quarter, 49,200 residents of Northeastern Pennsylvania were without work and actively seeking the same. This compares with 45,300 during the third quarter of 1983; 42,800 during the third quarter of 1982; and 37,400 during the third quarter of 1981. Given these third quarter averages, it is evident that the third quarter of the calendar year has been becoming progressively bad for Northeastern Pennsylvania. Eleven-thousand-eight-hundred more residents of our region were listed among the unemployed during the third quarter of 1984 than during the third quarter of 1981. The number of unemployed residents fell to 40,600 in the fourth quarter of 1984.

### TOTAL EMPLOYMENT

During the first three quarters of 1984 there were (on average) 365,900 residents of Northeastern Pennsylvania who held gainful employment jobs. This compares with the 358,600 average of 1983. The average for 1982 was a bit lower, coming in at 358,000. In 1981 the average was 362,200. During the four year period between 1981 and 1984, the employment level averaged 348,900 during the first quarter; 359,800 during the second quarter; and 373,900 during the third quarter. This seasonal pattern occurred during each of the years between 1981 and 1984.

## DURABLE GOODS EMPLOYMENT

Employment by the durable goods manufacturing industry in Northeastern Pennsylvania averaged 33,900 during the first three quarters of 1984. This three quarter average was greater than the four-quarter averages for 1983 and 1982. Over the period from 1981 and 1984, employment by the durable goods manufacturing industry in Northeastern Pennsylvania averaged 33,600 during the first quarter of the year. The second quarter average was up slightly (33,700). The third quarter average was back down to 33,600.

## NON-DURABLE GOODS EMPLOYMENT

Employment by the non-durable goods manufacturing industry in Northeastern Pennsylvania averaged 57,700 during the first three quarters of 1984. This was above the annual average for 1983 (57,200). The 1984 average was, however, below those of 1982 (58,900) and 1981 (63,800). During the four years between 1981 and 1984, employment in this industry averaged 60,200. The comparable average for the second quarter was 60,000, while the third quarter average was 58,600. This downward pattern from first to second quarters and again from the second to third quarters was repeated in 1984, 1983, and 1982. This continued pattern indicates that there has been a seasonal influence at work in this industry.

## WHOLESALE/RETAIL EMPLOYMENT

Employment by the wholesale and retail trades during the first three quarters of 1984 averaged 66,000. This compared favorably with the annual averages for 1983 (63,900), 1982 (61,900), and 1981 (62,500). It should be emphasized that the fourth quarter of the year has, historically, been the strongest for this industry. Thus, when the fourth quarter figures for 1984 become available, the annual average should be even higher.

## SERVICE TRADES EMPLOYMENT

Employment by the service trades industry in Northeastern Pennsylvania averaged 65,400 during the first three quarters of 1984. This was well above the annual averages of 1983 (61,900), 1982 (61,000), and 1981 (56,500). Unlike the case with the wholesale/retail trades, however, activity in the service trades in Northeastern Pennsylvania has generally dropped in the fourth quarter.

## AVERAGE WEEKLY HOURS

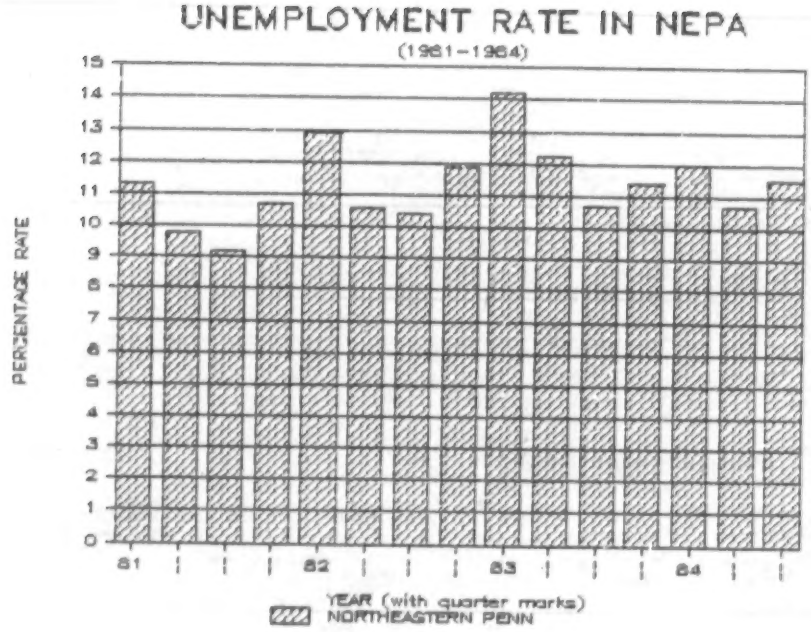
The average number of hours worked per week by production workers in manufacturing within the Northeast Pennsylvania SMSA during the first three quarters of 1984 was 37.6. This average compares with 37.3 hours per week during the four quarters of 1983; 36.8 hours per week during the four quarters of 1982; and 36.6 hours per week during the four quarters of 1981. Over the entire period between 1981 and 1984 the average work week in manufacturing production was 36.8. This long-term average increased to 37.0 hours in the second quarter and to 37.1 hours in the third quarter.

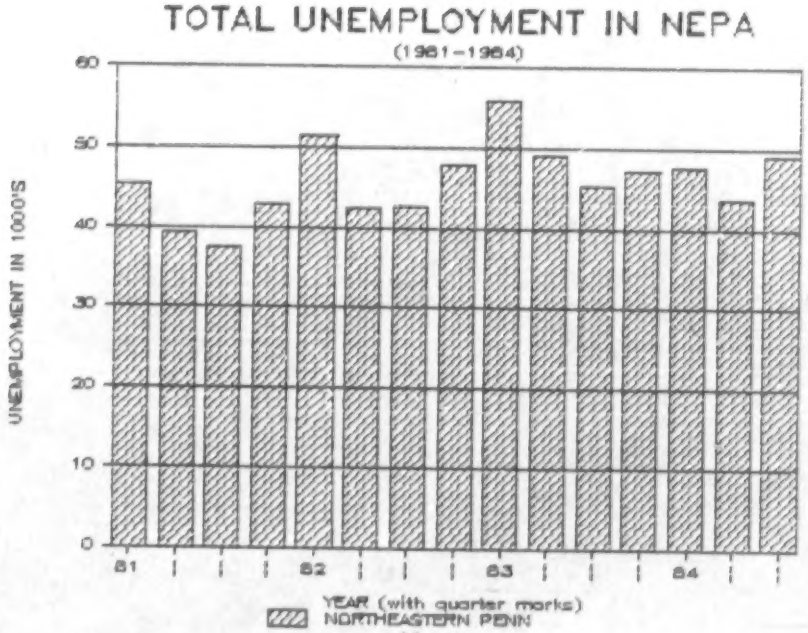
## AVERAGE WEEKLY EARNINGS

On average, production workers employed by the manufacturing industry in the Northeast Pennsylvania SMSA earned $285.98 during the first three quarters of 1984. This compared with the $272.67 average for 1983, the $253.28 average for 1982, and the $230.30 average for 1981.

## CONSUMER PRICE INDEX

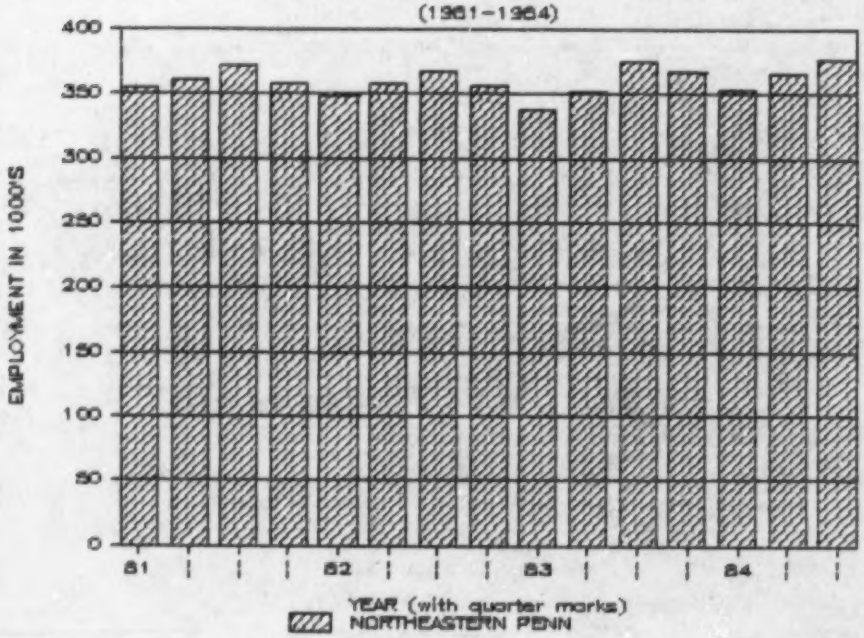
The consumer price index for all urban consumers in the Northeast Pennsylvania SMSA averaged 294.8 during the first three quarters of 1984 (where the average for 1967=100). This means that the typical market basket in the Northeast Pennsylvania SMSA that cost $100 in 1967 cost $294.80 in 1984. In 1981, the index averaged 264.0, indicating that prices rose 11.7 percent between 1981 and 1984. The annualized inflation rate between the third and fourth quarters of 1984 was 4.4 percent.


UNEMPLOYMENT RATE IN NEPA
(1981-1984)
PERCENTAGE RATE
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
0
81
82
83
84
YEAR (with quarter marks)
NORTHEASTERN PENN


TOTAL UNEMPLOYMENT IN NEPA
(1981-1984)
UNEMPLOYMENT IN 1000'S
60
50
40
30
20
10
0
81
82
83
84
YEAR (with quarter marks)
NORTHEASTERN PENN

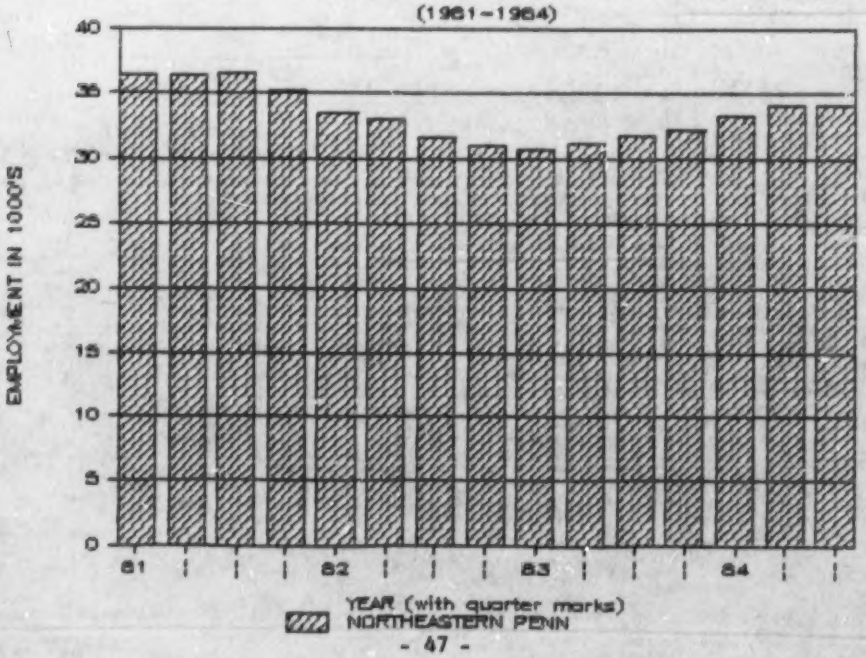
## TOTAL EMPLOYMENT IN NEPA

(1981-1984)



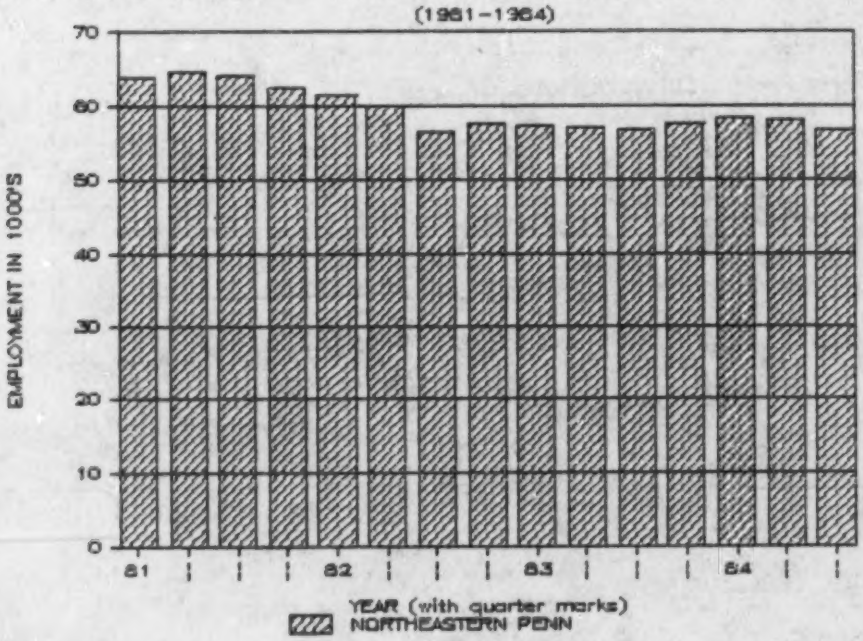

## DURABLE GOODS EMPLOYMENT IN NEPA

(1981-1984)



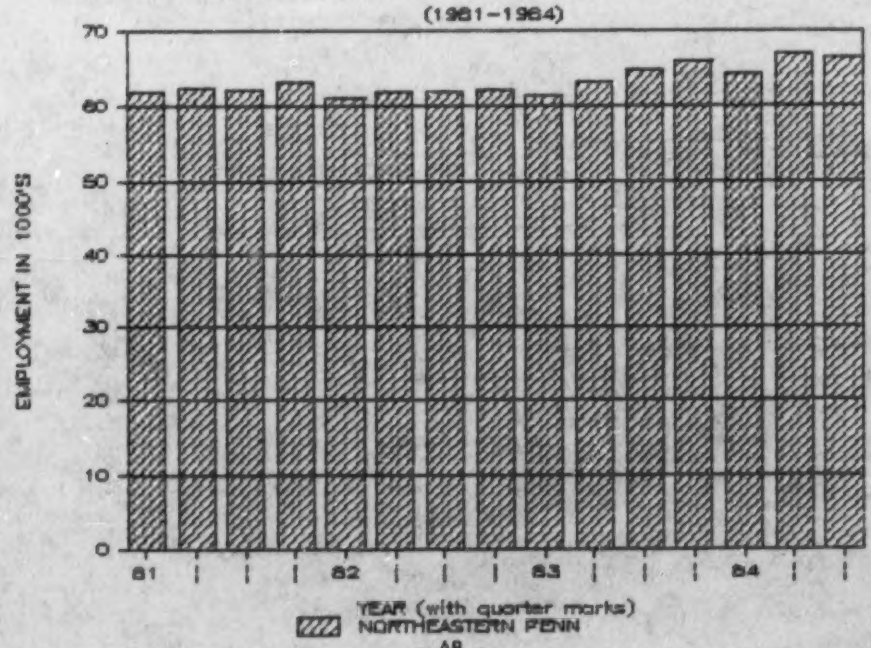
## NONDURABLE GOODS EMPLOYMENT IN NEPA

(1981-1984)



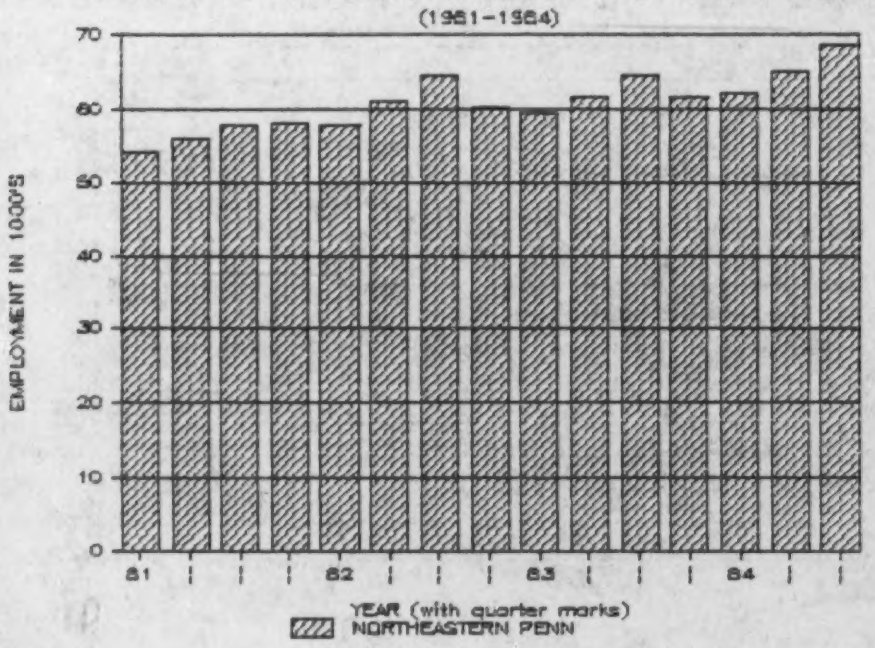

## WHOLESALE/RETAIL EMPLOYMENT IN NEPA

(1981-1984)



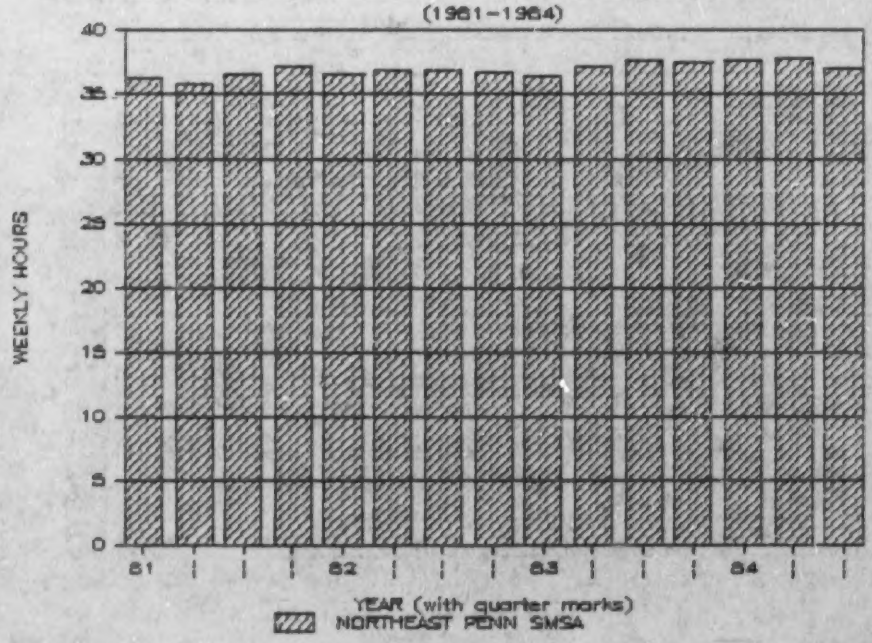
## SERVICE TRADES EMPLOYMENT IN NEPA

(1981-1984)



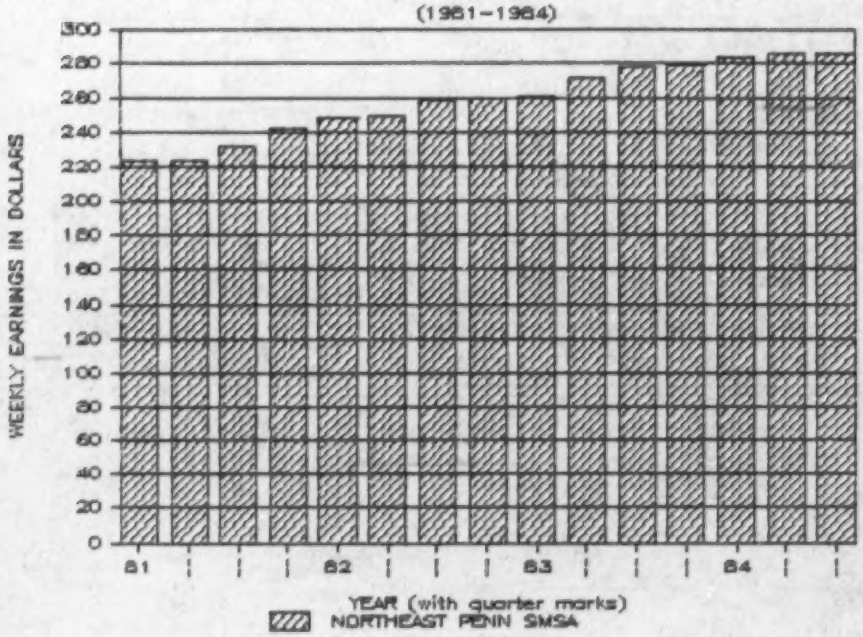

## AVERAGE WEEKLY HOURS IN NEPA SMSA

(1981-1984)



## AVERAGE WEEKLY EARNINGS IN NEPA SMSA

(1981-1984)




## CONSUMER PRICE INDEX IN NEPA SMSA

(1981-1984)

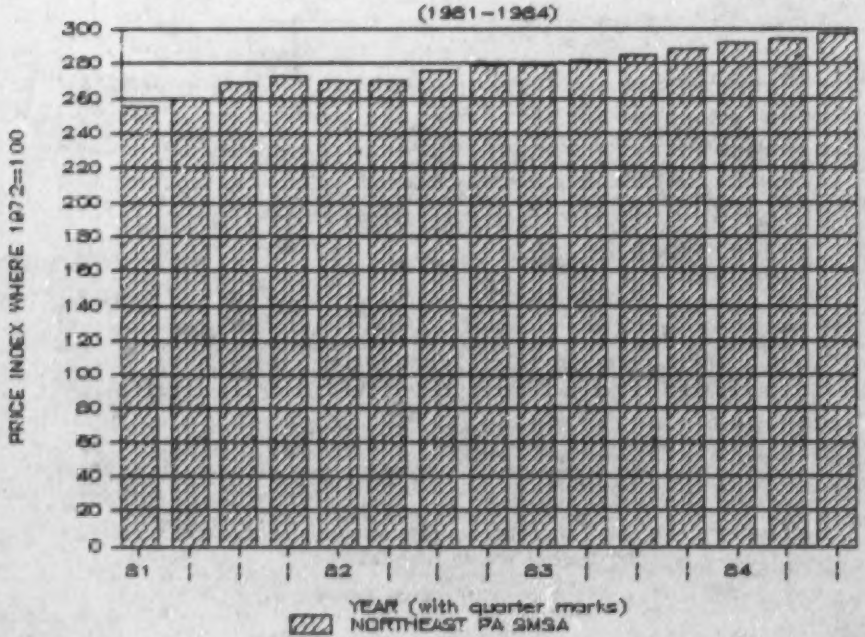


TABLE 11
SUMMARY OF ECONOMIC INDICATORS FOR NORTHEASTERN PENNSYLVANIA
(1984-1981)

VALUE OF INDICATOR

| INDICATOR | QUARTER | YEAR | | | | |
|---|---|---|---|---|---|---|
| | | 1981 | 1982 | 1983 | 1984 | AVERAGE |
| UNEMPLOYMENT RATE IN % | FIRST | 11.3 | 12.9 | 14.2 | 12.0 | 12.6 |
| | SECOND | 9.8 | 10.6 | 12.2 | 10.7 | 10.8 |
| | THIRD | 9.2 | 10.4 | 10.7 | 11.5 | 10.5 |
| | FOURTH | 10.7 | 11.9 | 11.4 | | 11.3 |
| | AVERAGE | 10.3 | 11.5 | 12.1 | 11.4 | 11.3 |
| UNEMPLOYMENT (in 1,000s) | FIRST | 45.3 | 51.5 | 55.8 | 47.8 | 50.1 |
| | SECOND | 39.3 | 42.5 | 49.2 | 43.8 | 43.7 |
| | THIRD | 37.4 | 42.8 | 45.3 | 49.2 | 43.7 |
| | FOURTH | 43.0 | 48.0 | 47.3 | | 46.1 |
| | AVERAGE | 41.3 | 46.2 | 49.4 | 46.9 | 46.0 |
| TOTAL EMPLOYMENT (in 1,000s) | FIRST | 355.0 | 348.8 | 338.0 | 353.6 | 348.9 |
| | SECOND | 362.1 | 357.9 | 353.0 | 366.1 | 359.8 |
| | THIRD | 373.0 | 368.1 | 376.3 | 378.0 | 373.9 |
| | FOURTH | 358.5 | 357.0 | 367.2 | | 360.9 |
| | AVERAGE | 362.2 | 358.0 | 358.6 | 365.9 | 361.2 |
| DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | 36.5 | 33.6 | 30.7 | 33.4 | 33.6 |
| | SECOND | 36.5 | 33.0 | 31.2 | 34.1 | 33.7 |
| | THIRD | 36.6 | 31.7 | 31.8 | 34.1 | 33.6 |
| | FOURTH | 35.3 | 31.1 | 32.3 | | 32.9 |
| | AVERAGE | 36.2 | 32.4 | 31.5 | 33.9 | 33.5 |
| NON-DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | 63.8 | 61.4 | 57.3 | 58.3 | 60.2 |
| | SECOND | 64.7 | 60.1 | 57.0 | 58.0 | 60.0 |
| | THIRD | 64.2 | 56.4 | 56.9 | 56.8 | 58.6 |
| | FOURTH | 62.4 | 57.6 | 57.7 | | 59.2 |
| | AVERAGE | 63.0 | 58.9 | 57.2 | 57.7 | 59.4 |
| WHOLESALE/RETAIL TRADE EMPLOYMENT (in 1,000s) | FIRST | 62.0 | 61.2 | 61.3 | 64.4 | 62.2 |
| | SECOND | 62.4 | 61.9 | 63.2 | 67.1 | 63.7 |
| | THIRD | 62.3 | 62.0 | 65.0 | 66.6 | 64.0 |
| | FOURTH | 63.4 | 62.3 | 66.1 | | 63.9 |
| | AVERAGE | 62.5 | 61.9 | 63.9 | 66.0 | 63.6 |

TABLE 11 (Continued)

VALUE OF INDICATOR

| INDICATOR | QUARTER | YEAR 1981 | 1982 | 1983 | 1984 | AVERAGE |
|---|---|---|---|---|---|---|
| SERVICE TRADE EMPLOYMENT (in 1,000s) | FIRST | 53.9 | 57.8 | 59.4 | 62.1 | 58.3 |
| | SECOND | 55.9 | 61.0 | 61.8 | 65.3 | 61.0 |
| | THIRD | 57.9 | 64.6 | 64.7 | 68.7 | 64.0 |
| | FOURTH | 58.2 | 60.4 | 61.8 | | 60.1 |
| | AVERAGE | 56.5 | 61.0 | 61.9 | 65.4 | 61.2 |
| AVERAGE WEEKLY HOURS (in NEPA SMSA) | FIRST | 36.3 | 36.6 | 36.5 | 37.8 | 36.8 |
| | SECOND | 35.9 | 37.0 | 37.3 | 37.9 | 37.0 |
| | THIRD | 36.7 | 36.9 | 37.7 | 37.1 | 37.1 |
| | FOURTH | 37.3 | 36.8 | 37.5 | | 37.2 |
| | AVERAGE | 36.6 | 36.8 | 37.3 | 37.6 | 37.1 |
| AVERAGE WEEKLY EARNINGS (in NEPA SMSA) | FIRST | $223.49 | $247.51 | $260.98 | $284.64 | $254.16 |
| | SECOND | $224.02 | $248.52 | $271.54 | $286.27 | $257.59 |
| | THIRD | $231.45 | $258.08 | $278.49 | $287.03 | $263.76 |
| | FOURTH | $242.25 | $259.00 | $279.65 | | $260.30 |
| | AVERAGE | $230.30 | $253.28 | $272.67 | $285.98 | $260. |
| CONSUMER PRICE INDEX (for NEPA SMSA) 1967=100 | FIRST | 255.0 | 269.8 | 278.9 | 292.0 | 273.9 |
| | SECOND | 259.9 | 270.2 | 281.7 | 294.7 | 276.6 |
| | THIRD | 268.8 | 275.6 | 285.3 | 297.8 | 281.9 |
| | FOURTH | 272.2 | 279.4 | 288.5 | | 280.0 |
| | AVERAGE | 264.0 | 273.8 | 283.6 | 294.8 | 279.1 |

PERCENTAGE INCREASE IN VALUE OF INDICATOR

| INDICATOR | QUARTER | TIME PERIOD 1981 1982 | 1982 1983 | 1983 1984 | 1981 1984 | ANNUAL AVERAGE |
|---|---|---|---|---|---|---|
| UNEMPLOYMENT RATE IN % | FIRST | 14.2 | 10.1 | -15.5 | 6.2 | 2.1 |
| | SECOND | 8.2 | 15.1 | -12.3 | 9.2 | 3.1 |
| | THIRD | 13.0 | 2.9 | 7.5 | 25.0 | 8.3 |
| | FOURTH | 11.2 | -4.2 | | | 3.3 |
| | AVERAGE | 11.7 | 5.2 | -5.8 | 10.7 | 3.6 |

TABLE 11 (Continued)

PERCENTAGE INCREASE IN VALUE OF INDICATOR

| INDICATOR | QUARTER | TIME PERIOD 1981 1982 | 1982 1983 | 1983 1984 | 1981 1984 | ANNUAL AVERAGE |
|---|---|---|---|---|---|---|
| UNEMPLOYMENT (in 1,000s) | FIRST | 13.7 | 8.3 | -14.3 | 5.5 | 1.8 |
| | SECOND | 8.1 | 15.8 | -11.0 | 11.5 | 3.8 |
| | THIRD | 14.4 | 5.8 | 8.6 | 31.6 | 10.5 |
| | FOURTH | 11.6 | -1.5 | | | -6.5 |
| | AVERAGE | 11.9 | 6.9 | -5.1 | 13.6 | 4.5 |
| TOTAL EMPLOYMENT (in 1,000s) | FIRST | -1.7 | -3.1 | 4.6 | -0.4 | -0.1 |
| | SECOND | -1.2 | -1.4 | 3.7 | 1.1 | 0.4 |
| | THIRD | -1.3 | 2.2 | 0.5 | 1.3 | 0.4 |
| | FOURTH | -0.4 | 2.9 | | | -5.2 |
| | AVERAGE | -1.2 | 0.2 | 2.0 | 1.0 | 0.3 |
| DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | -7.9 | -8.6 | 8.8 | -8.5 | -2.8 |
| | SECOND | -9.6 | -5.5 | 9.3 | -6.6 | -2.2 |
| | THIRD | -13.4 | 0.3 | 7.2 | -6.8 | -2.3 |
| | FOURTH | -11.9 | 3.9 | | | -4.2 |
| | AVERAGE | -10.5 | -2.8 | 7.6 | -6.4 | -2.1 |
| NON-DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | -3.8 | -6.7 | 1.7 | -8.6 | -2.9 |
| | SECOND | -7.1 | -5.2 | 1.8 | -10.4 | -3.5 |
| | THIRD | -12.1 | 0.9 | -0.2 | -11.5 | -3.8 |
| | FOURTH | -7.7 | 0.2 | | | -3.8 |
| | AVERAGE | -7.7 | -2.9 | 0.9 | -9.6 | -3.2 |
| WHOLESALE/RETAIL TRADE EMPLOYMENT (in 1,000s) | FIRST | -1.3 | 0.2 | 5.1 | 3.9 | 1.3 |
| | SECOND | -0.8 | 2.1 | 6.2 | 3.2 | 1.1 |
| | THIRD | -0.5 | 4.8 | 2.5 | 6.9 | 2.3 |
| | FOURTH | -1.7 | 6.1 | | | 2.1 |
| | AVERAGE | -1.0 | 3.2 | 3.3 | 5.6 | 1.9 |
| SERVICE TRADE EMPLOYMENT (in 1,000s) | FIRST | 7.2 | 2.8 | 4.5 | 15.2 | 5.1 |
| | SECOND | 9.1 | 1.3 | 5.7 | 16.8 | 5.6 |
| | THIRD | 11.6 | 0.2 | 6.2 | 18.7 | 6.2 |
| | FOURTH | 3.8 | 2.3 | | | 3.1 |
| | AVERAGE | 8.0 | 1.5 | 5.7 | 15.8 | 5.3 |
| AVERAGE WEEKLY HOURS (in NEPA SMSA) | FIRST | 0.8 | -0.3 | 3.6 | 4.1 | 1.4 |
| | SECOND | 3.1 | 0.8 | 1.6 | 5.6 | 1.9 |
| | THIRD | 0.5 | 2.2 | -1.6 | 1.1 | 0.4 |
| | FOURTH | -1.3 | 1.9 | | | 0.3 |
| | AVERAGE | 0.5 | 1.4 | 0.8 | 2.7 | 0.9 |

TABLE 11 (Continued)

PERCENTAGE INCREASE IN VALUE OF INDICATOR

| INDICATOR | QUARTER | TIME PERIOD 1981 1982 | 1982 1983 | 1983 1984 | 1981 1984 | ANNUAL AVERAGE |
|---|---|---|---|---|---|---|
| AVERAGE WEEKLY EARNINGS (in NEPA SMSA) | FIRST | 10.7 | 5.4 | 9.1 | 27.4 | 9.1 |
| | SECOND | 10.9 | 9.3 | 5.4 | 27.8 | 9.3 |
| | THIRD | 11.5 | 7.9 | 3.1 | 24.0 | 8.0 |
| | FOURTH | 6.9 | 8.0 | | | 7.7 |
| | AVERAGE | 10.0 | 7.7 | 4.9 | 24.2 | 8.1 |
| CONSUMER PRICE INDEX (for NEPA SMSA) 1967=100 | FIRST | 5.8 | 3.4 | 4.7 | 14.5 | 4.8 |
| | SECOND | 4.0 | 4.3 | 4.6 | 13.4 | 4.5 |
| | THIRD | 2.5 | 3.5 | 4.4 | 10.8 | 3.6 |
| | FOURTH | 2.6 | 3.3 | | | 3.0 |
| | AVERAGE | 3.7 | 3.6 | 3.9 | 11.7 | 3.9 |

NOTES: 1. The Northeast Pennsylvania SMSA consists of Lackawanna, Luzerne, and Monroe Counties.
2. "AVERAGE WEEKLY HOURS" and "AVERAGE WEEKLY EARNINGS" apply only to production workers in manufacturing.

SOURCES: 1. LABOR MARKET LETTERS. Pennsylvania Department of Labor and Industry. Bureau of Employment Security.
2. CONSUMER PRICE INDEX LETTER. United States Department of Labor. Bureau of Labor Statistics.

## CHAPTER FOUR: OUTLOOK FOR 1985

### UNITED STATES

As 1985 began, the national economy was still on the upward trend that began late last fall. Enough strength has been built up in the past few months to generate gains through at least the first half of 1985.

The immediate cause of this bright picture is the sharp drop in interest rates over the past four months. Rates are now lower than they were a year ago, when the economy shot ahead. As long as they stay down, the economy should maintain its brisk pace. A sharp rise in rates would most likely slow--or stop--the advance. Chances are good, however, that interest rates will not go up significantly before mid-year. There is little incentive for the monetary authorities to tighten credit. The state of business, inflation, the dollar, and imports favor monetary ease over the near term.

Inflation is, currently, subdued. This means that the Federal Reserve governors do not need to worry about this for awhile. The dollar's rise is now a much more important consideration for the Federal Reserve Board. The rising value of the dollar is likely to suck in more imports, impeding the growth of domestic output. Consequently the Federal Reserve Board has no reason to encourage the dollar to go higher.

In its February compilation of the projections of fifty forecasters, "Blue Chip Indicators" finds that the economists expect about a 4 percent rate of increase in real GNP in the first half of 1985, declining to a 3.2 percent rate by the fourth quarter.

By their estimates, the business expansion will peter out in 1986, averaging 2.5 percent growth in the first half and little more than 2 percent in the second. Prices and interest rates will be heading upward, according to the consensus.

In the fourth quarter of 1984, the GNP deflator -- the broadest measure of price behavior -- was rising at an annual rate of only 2.4 percent. The forecast says this will rise to a 5 percent rate in the second half of 1986.

### PENNSYLVANIA

The economic outlook for Pennsylvania is "clouded by the problems surrounding the steel industry" according to the January, 1985 issue of "Pennsylvania Business." The economy of the western part of the State is dominated by this industry and has undergone severe dislocations, particularly over the past half year, and economic setbacks in the Pittsburgh Labor Market strongly affect all

statewide results. In 1985 "overall business activity is likely to increase by about one percent. The report concludes that "personal income gains are estimated to go up close to five percent, a considerable slowdown from the gains of more than seven percent in 1984." This drop in the growth rate is expected to raise unemployment for the year as a whole. The average rate of unemployment should remain below ten percent for the year, however.

NORTHEASTERN PENNSYLVANIA

In the recent past, the economy of Northeastern Pennsylvania has not performed as well as those of Pennsylvania and the United States. This is indicated by the relative size of the region's rate of unemployment. This gap is expected to continue through 1985 and 1986.

The single most important driving force for the economy of Northeastern Pennsylvania is expected to be the apparel industry. Throughout Pennsylvania, the apparel industry has not been doing well, as of late. Most new investments in the apparel industry have been made in the South or in the Third World countries where wage rates are low relative to Pennsylvania's. The location of the apparel industry is extremely sensitive to relative wages because it is so labor intensive. The industry has been forced to move to low wage areas in the South and overseas to compete effectively against low wage producers. This trend is likely to continue.

With a stable national economy during 1985 and 1986, employment prospects in Northeastern Pennsylvania's apparel industry look good for the near term. The stability in this industry should be adequate to maintain the economy of the region in the short term.

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# 1982 State of the Region

Economic Development Council of Northeastern Pennsylvania

## Abstract

The 1982 State of the Region report compares the economic performance of the seven-county area comprising Northeastern Pennsylvania with those of the United States and Pennsylvania. The analysis includes such economic indicators as unemployment rates, total employment, average weekly hours and earnings, inflation, department store sales, and employment structure. These factors provide the basis for 1982 economic projections for the Region.

The EDCNP is organized to further economic, social and physical development in the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne. It accomplishes this purpose through research, planning, development, and related public information activities. These activities are carried out by a full-time professional staff under policies established by a 275-member Board of Directors composed of representatives of major interest groups of both the public and private sectors. The work program and staff are made possible by federal and State grants and contracts; as well as contributions, county and municipal memberships, and memberships by private firms, organizations, and individuals throughout the region.

# 1982 State of the Region

Prepared by:
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February 1982

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# Highlights

- Revolving Loan Fund established to aid in job creation and retention throughout Northeastern Pennsylvania.
- Enterprise Development Program created to assist small businesses.
- Export seminars held to encourage and assist firms develop and expand their markets abroad.
- Railroad restructuring by Conrail leads to regional action to save jeopardized lines and jobs.
- Regional Promotion Program expanded to include investor visitation tour of the region.
- The travel development and recreation industry had a very good year in 1981 and remains one of the region's most important industries.
- A-95 Project Notification and Review System reviewed 276 proposals totaling $643 million.
- Unemployment rate of 10.1 percent in Northeastern Pennsylvania during fourth quarter of 1981 (preliminary data).
- During 1981, 46 PIDA projects totaling 19.2 million in loans were approved in Northeastern Pennsylvania.
- 41,800 regional residents unemployed during fourth quarter of 1981 (preliminary data).
- 36,600 people employed in Durable Goods Manufacturing during 1981 in Northeastern Pennsylvania.
- 347,200 residents of Northeastern Pennsylvania held jobs during fourth quarter of 1981 (preliminary data).
- 61,400 individuals employed in Wholesale and Retail Trades in region during 1981.
- 55,900 people employed in Service Trades during 1981 in Northeastern Pennsylvania.
- 36.3 hours per week spent on the job by average production worker in 1981 in the Northeast Pennsylvania SMSA (Lackawanna, Luzerne, and Monroe Counties).
- $227.35 per week earned by average production worker in 1981 in the Northeast Pennsylvania SMSA in 1981.
- Inflation rate in Northeast Pennsylvania SMSA was 13.7%, 2.3 percentage points above the national average for third quarter of 1981.
- Department store sales in Northeast Pennsylvania SMSA totaled $200,261,000 during first three quarter of 1981.
- Building permits issued during first three quarters of 1981 in Northeast Pennsylvania SMSA totaled 876.
- Rate of unemployment in Northeastern Pennsylvania is projected by the Economic Development Council to range from 13.5 percent to 14.0 percent during the second and third quarters of 1982.
- Projected rate of inflation in Northeastern Pennsylvania should fluctuate between 10 and 12 percent during 1982.

Since information on most of the indicators is unavailable for the fourth quarter of 1981, the analysis provided herein is based on the performance during the first three quarters of the year. Whenever possible, preliminary fourth quarter data are noted.

## 1. 1981 In Review

The Economic Development Council of Northeastern Pennsylvania is organized to further economic, social, and physical development in the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne. These objectives are accomplished, in part, through the study of the growth and development of private industry, the analysis of the economic well-being of the people, business firms, and local government within the region, and the monitoring of the attitudes of businesspersons toward the local business climate.

To aid in achieving its objectives, the Council annually releases a State of the Region report. This year, the report begins by taking a look at some of the events that occurred in Northeastern Pennsylvania which should aid future economic growth in the region. Next, the economic performance of the region during 1981 will be compared to those of Pennsylvania and the United States. The third chapter will look at the long range pattern of the economy of Northeastern Pennsylvania. The final chapter will present a picture of what is expected to happen to the economy of the region during 1982.

REVOLVING LOAN FUND

Through funds made available by the Appalachian Regional Commission (ARC) and the Economic Development Administration (EDA), a $1 million Revolving Loan Fund was established. The Fund is being used to stimulate job creation and/or job retention through business and industrial expansion in the counties served by the Economic Development Council, the Northern Tier Regional Planning and Development Commission, and the Susquehanna Economic Development Association Council of Governments.

Under the Fund, low-interest loans are being made to businesses unable to secure adequate financing through conventional sources. Loans may be utilized for land acquisition and related costs, building costs, machinery and equipment, site preparation, working capital, and energy related activities.

ENTERPRISE DEVELOPMENT PROGRAM

An Enterprise Development Program to assist small businesses was established for Northeastern Pennsylvania with funds secured from the Appalachian Regional Commission. Specific program elements include: the development of the capability to evaluate the commercial viability of proposed new products or processes through the review of professional talent in the region; the development of the capability to meet financing needs of new ventures through the pooling of public and private capital resources; the provision of assistance to new and emerging industries to permit them to successfully "incubate" by providing low-cost operating space and the pooling of facilities; and the identification of "enterprise development zones" where one-stop service capability can be focused.

EXPORT SEMINARS

A number of Export Seminars were held during the year. The seminars were conducted as part of a continuing effort to make regional businesses and industries more aware of the growing importance and benefits to be derived through exporting.

Information presented included such topics as: entering the exporting market, marketing techniques, banking transactions, and generating export sales.

## RAILROAD RESTRUCTURING

During the fourth quarter of 1981, considerable time and effort was spent at the Council and throughout the region dealing with the rail crisis confronting Northeastern Pennsylvania. Under the provisions of the Northeast Rail Services Act of 1981, Conrail is permitted to cease operating a rail line 90 days after filing it on its intended abandonment list. Unlike previous law, there is little public protection, and without an offer of financial assistance, or an offer to purchase from local interests, Conrail has complete freedom to liquidate its properties. Specific strategies to save jeopardized lines were mapped out at a symposium in December.

An important outcome of the Symposium was agreement to explore the formation of a Rail Users Association, which will ultimately work with the carrier or carriers serving the local area.

## REGIONAL PROMOTION PROGRAM

"A Place To Grow: The Pocono Northeast" regional promotion program continues to progress in a number of important areas. Of special note is the successful Annual Pocono Northeast Community Awards Program held during the Fall of each year.

Another important aspect of the program includes tours of Northeastern Pennsylvania by executives of major insurance companies. One tour was held in 1981 and others are scheduled. The purpose of the tours is to showcase the region's assets, detail past economic and community accomplishments, and present a favorable climate for future investment by the insurance companies in the region.

## PNRS ACTIVITY

During 1981, a total of 276 proposed projects were reviewed by the A-95 Project Notification and Review System Committee of the Council. The total dollar amount for the projects was $643,437,772. Sample projects submitted which are expected to have a major impact on the future economic development of Northeastern Pennsylvania include: historic preservation and adaptive reuse of the existing Erie-Lackawanna Railroad terminal building in downtown Scranton into a 163 room luxury hotel and convention center; renovations of the Wilkes-Barre/Scranton International Airport terminal building; downtown revitalization through Commercial Development such as that proposed in the City of Pottsville in Schuylkill County to construct a 100 room hotel and renovate a vacant structure into a professional building.

## PIDA ACTIVITY

During 1981, Pennsylvania's Industrial Development Authority participated in 46 projects in Northeastern Pennsylvania which involved $19.2 million in loans. These 46 projects generated a planned 3,039 new jobs.

## SOME MAJOR EVENTS OF 1981

Many events took place during 1981 that should provide an impetus for further economic development in Northeastern Pennsylvania. The events covered here are, by no means, everything that was of importance during 1981.



50-835 O - 85 - 5

In January, it was reported that a Wilkes-Barre envelope company was granted a PIDA loan. This event is expected to create many new jobs. Also, in January, a HUD grant in the amount of $3.4 million was awarded to a Clarks Summit housing project. It was also announced that growth in the Pocono tourist industry buoyed small businesses in the region.

An indication of increased economic activity in the region appeared during the first month of 1981 when a bowling tournament was held in Wilkes-Barre. This event brought well deserved recognition to the area.

Kovatch, a manufacturing firm in Carbon County, was awarded a $66 million Air Force contract in January of 1981. This contract will provide much work for residents of Northeastern Pennsylvania.

In February, the city of Wilkes-Barre gave financial support to Boscov's. This department store has, throughout the year, proven to be an asset to the community.

In March, a PIDA loan was granted to Citterio U.S.E. for an expansion at its Hazleton plant. This expansion will provide for new jobs in the area. Also, in March, the Scranton Chamberlin Plant won a contract to produce shells for the United States government.

April showed an increased effort to aid downtown development by the owners of businesses in Nanticoke.

In May, Sandvik Steel announced that they planned to expand their plant in Lackawanna County. PIDA loans were given to 26 other Lackawanna County firms. Also during the month, five Carbon County businesses were awarded Industrial Development Loans.

In June, it was announced that the Pocono tourist business in Carbon, Monroe, Pike, and Wayne Counties was doing very well. During this same month, a Dutch firm made public its plans to build a plant in the Crestwood Industrial Park in Luzerne County.

In September, the Silberline plant began an expansion in the Panther Valley Industrial Park and Foster Wheeler got a $45 million contract.

King Fifth Wheel announced, in October, that it was expanding its plant in the Crestwood Industrial Park.

In November, SLIBCO, in Scranton, was notified that its request for $800,000 for the Pocal firm of the same city was approved. Two Schuylkill County firms received PIDA loans during this month.

During the final month of 1981, quite an abundance of activity took place in Northeastern Pennsylvania. PIDA gave approval for a loan to Silberline to acquire the Bundy plant. Construction plans were revealed for a $10 million plant in East Stroudsburg, and an electronics firm expanded in the Crestwood Industrial Park.

## 2. Relative Economic Performance of Region During 1981

This chapter compares the performance of the economy of Northeastern Pennsylvania during 1981 with those of Pennsylvania and the United States. The analysis includes various economic indicators such as unemployment rates, employment, average weekly hours and earnings, inflation rates, department store sales, and the number of building permits issued. Since information on most of the indicators is not now available for the fourth quarter of 1981, the analysis is based on the performance during the first three quarters of the year.

### UNEMPLOYMENT

During the first quarter of 1981, 45,300 people were unemployed in Northeastern Pennsylvania. The number of unemployed dropped to 39,300 during the second quarter and to 37,400 during the third quarter.

Carbon County had an unemployment level of 3,900 during the first quarter of 1981. By the third quarter, the number of unemployed in the county had dropped to 2,700.

In Lackawanna County there were 10,900 unemployed individuals during the first quarter of 1981. The number of unemployed declined through the year. By the third quarter, the number of unemployment stood at 8,400.

Luzerne County did not show the steady decline in unemployment seen in Carbon and Lackawanna Counties. During the first quarter, there were 17,200 unemployed people living within the county. In the second quarter, the number declined to 14,800, but in the third quarter the number increased to 16,200.

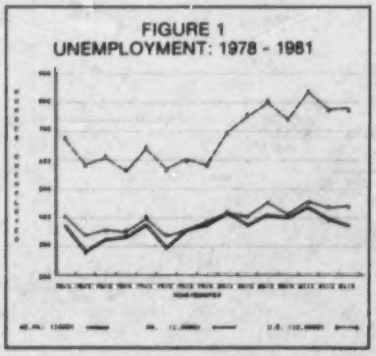
Monroe County followed the pattern of Carbon and Lackawanna Counties by showing declines in the number of unemployed individuals throughout the first three quarters of 1981. During the first quarter of the year, the level of unemployment was 3,500. The number of unemployed people declined to 2,900 during the second quarter and to 2,300 during the third quarter.

Pike and Wayne Counties, which form a single labor market area (according to the Pennsylvania Department of Employment Security), had 2,500 unemployed residents during the first quarter of 1981. The number of unemployed people, looking for work, during the second quarter was down to 1,900. By the third quarter, the unemployed had declined to 1,600.

In Schuylkill County, there were 7,300 residents who were unemployed during the first quarter of 1981. This number was down to 6,600 during the second quarter and to 6,200 by the third quarter.

Unlike what occurred in Northeastern Pennsylvania, the Commonwealth of Pennsylvania did not experience a steady decline in the number of unemployed persons during 1981. During the first quarter, 457,000 Pennsylvanians were out of a job and actively seeking one. The number of

FIGURE 1
UNEMPLOYMENT: 1978 - 1981



unemployed declined in the second quarter to 431,000. The number increased, however, by 8,000 between the second and third quarters.

According to the United States Department of Labor, 8,349,000 persons were unemployed and actively seeking work during the first quarter of 1981. In the second quarter, the number of job seekers went down to 7,740,000. While the number of unemployed in Northeastern Pennsylvania continued to decline in the third quarter, the number of people in the United States looking for work increased between the second and third quarters. During this final quarter for which information is available, this number averaged 7,793,000.

RATE OF UNEMPLOYMENT

The unemployment rate in Northeastern Pennsylvania began 1981 at 11.3 percent By the second quarter, the rate was down to 9.8 percent. It went to 9.2 percent during the third quarter.

The rate of unemployment in Carbon County in the first quarter of 1981 reached 14.1 percent. The rate of unemployment in the county dropped to 13.7 percent in the second quarter and to 9.9 percent in the third quarter.

In Lackawanna County, the rate of unemployment was 10.4 percent during the first quarter of 1981. By the third quarter, the rate of unemployment was down to 8.0 percent. Thus, like Carbon County, Lackawanna County performed better than the region as a whole during 1981.

In Luzerne County, the rate of unemployment started the year at 11.1 percent. During the second quarter, the rate averaged 9.6 percent. The downward trend stopped between the second and third quarters. In the third quarter, the rate of unemployment in Luzerne County was back up to 10.3 percent.

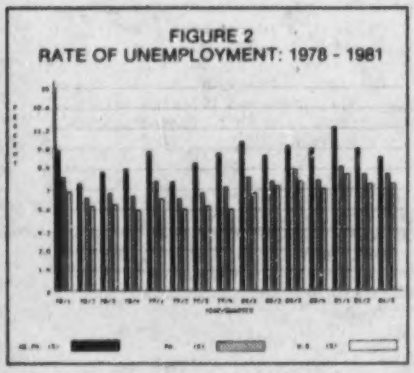
Monroe County followed the patterns of Carbon and Lackawanna Counties with respect to rates of unemployment. During the first quarter of 1981, the unemployment rate was 12.7 percent. By the second quarter, the rate was down to 10.6 percent. The downward trend continued in the third quarter when the rate of unemployment averaged 8.5 percent.

Pike and Wayne Counties also showed a decline in the rate of unemployment through the first three quarters of 1981. The average during the first quarter was 11.7 percent. This rate was down to 8.2 per-

TABLE 1
RATE OF UNEMPLOYMENT

| AREA | UNEMPLOYMENT (1,000s) | | | UNEMPLOYMENT RATE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-81 | Q2-81 | Q3-81 |
| UNITED STATES | 8,349.0 | 7,740.0 | 7,793.0 | 8.0 | 7.3 | 7.3 |
| PENNSYLVANIA | 457.0 | 431.0 | 439.0 | 8.5 | 8.0 | 8.0 |
| NORTHEASTERN PENNSYLVANIA | 45.3 | 39.3 | 37.4 | 11.3 | 9.8 | 9.2 |
| NORTHEAST PENNSYLVANIA SMSA | 31.6 | 27.0 | 26.9 | 11.0 | 9.5 | 9.3 |
| CARBON COUNTY | 3.9 | 3.8 | 2.7 | 14.1 | 13.7 | 9.9 |
| LACKAWANNA COUNTY | 10.9 | 9.3 | 8.4 | 10.4 | 8.9 | 8.0 |
| LUZERNE COUNTY | 17.2 | 14.8 | 16.2 | 11.1 | 9.6 | 10.3 |
| MONROE COUNTY | 3.5 | 2.9 | 2.3 | 12.7 | 10.6 | 8.5 |
| PIKE/WAYNE COUNTIES | 2.5 | 1.9 | 1.6 | 11.7 | 8.2 | 6.6 |
| SCHUYLKILL COUNTY | 7.3 | 6.6 | 6.2 | 11.3 | 10.6 | 9.5 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.




cent during the second quarter and to 6.6 percent during the third quarter.

The unemployment rate in Schuylkill County stood at 11.3 percent during the first quarter of 1981. By the third quarter, the rate was down to 9.5 percent.

The Commonwealth of Pennsylvania saw its rate of unemployment drop between the first and second quarters of 1981. In the first quarter, the rate was 8.5 percent of the civilian labor force. During the second quarter, the rate was down to 8.0 percent. This rate was repeated in the third quarter of 1981.

Throughout the United States, the rate of unemployment was 8.0 percent of the civilian labor force during the first quarter of 1981. This percent remained stable at 7.3 during the second and third quarters of 1981.

## TOTAL EMPLOYMENT

The level of employment in every county, except Monroe, in Northeastern Pennsylvania increased during the first three quarters of 1981. During the first quarter of 1981, 355,000 residents of Northeastern Pennsylvania held jobs. This number increased to 362,100 in the second quarter and 371,500 in the third quarter. All three quarters, however, saw employment figures below those experienced during the first three quarters of 1980. The figures for Monroe County increased from 24,000 in the first quarter to 25,400 in the second quarter. The third quarter level, however, declined to 24,700.

TABLE 2
TOTAL EMPLOYMENT

| AREA | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | 196,610.0 | 198,889.0 | 199,588.0 | .3 | 1.8 | 1.4 |
| PENNSYLVANIA | 4,912.0 | 4,965.0 | 5,050.0 | -.1 | .5 | 1.2 |
| NORTHEASTERN PENNSYLVANIA | 355.0 | 362.1 | 371.5 | -1.2 | -.2 | -.3 |
| NORTHEAST PENNSYLVANIA SMSA | 255.3 | 258.6 | 262.5 | -.5 | .2 | -.2 |
| CARBON COUNTY | 23.5 | 23.9 | 24.3 | -.4 | .8 | 3.0 |
| LACKAWANNA COUNTY | 94.2 | 94.4 | 96.9 | -.5 | -.8 | -.1 |
| LUZERNE COUNTY | 137.1 | 138.8 | 140.9 | -.5 | .2 | -.1 |
| MONROE COUNTY | 24.0 | 25.4 | 24.7 | -.8 | 4.5 | -.4 |
| PIKE/WAYNE COUNTIES | 18.9 | 21.4 | 25.5 | -.5 | -.9 | -.8 |
| SCHUYLKILL COUNTY | 57.3 | 58.2 | 59.3 | -4.2 | -2.3 | -1.7 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

The number of Pennsylvanians with jobs increased throughout the first three quarters of 1981. During the first quarter, 4,912,000 people were employed. This number was a slight one-tenth percent below the corresponding quarter of 1980. The number of jobs held during the second quarter was up 53,000 over the first quarter and up a half a percentage point over the second quarter of 1980. Total employment during the third quarter of 1981 was 5,050,000. This third quarter figure was 1.2 percent greater than that of the third quarter of 1980.

The number of people employed in the United States increased throughout the first three quarters of 1981. During the first quarter, the number was 96,610,000. The number increased to 98,809,000 in the second quarter and to 99,588,000 in the third quarter. Each of the three figures were above the comparable figure for 1980.

DURABLE GOODS MANUFACTURING EMPLOYMENT

During the first quarter of 1981, 36,600 Northeastern Pennsylvanians were employed in the manufacturing of durable goods. This decreased to 36,500 during the second quarter. By the third quarter, the level went back up to 36,700.

The level of employment in this industry in Carbon County remained stable during the first three quarters of 1981 at 2,600. The level in Lackawanna County during the first quarter of the year was 13,200. This figure was repeated in the second quarter. The third quarter showed an increase to 13,500.

The number of jobs in the durable goods industry in Luzerne County declined through the first three quarters of 1981. The number stood at 13,500 during the first quarter. This declined to 13,400 in the second quarter and to 12,900 in the third quarter.

Monroe County had 2,500 employed people in the durable goods industry during the first quarter of 1981. This figure declined to 2,300 in the second quarter, but went back up to 2,500 during the third quarter.

Schuylkill County saw an increase of 200 jobs in this industry during the first three quarters of 1981. In the first quarter, employment stood at 3,900. By the second quarter the level reached 4,000 and by the third quarter 4,100 persons were employed in this industry in Schuylkill County.

**TABLE 3**
**DURABLE GOODS EMPLOYMENT**

| AREA | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | 12,086.0 | 12,246.0 | 12,332.0 | -4.8 | .6 | 3.6 |
| PENNSYLVANIA | 792.6 | 793.8 | 791.6 | -6.4 | -3.8 | .1 |
| NORTHEASTERN PENNSYLVANIA | 36.6 | 36.5 | 36.7 | -6.6 | -3.4 | .3 |
| NORTHEAST PENNSYLVANIA SMSA | 29.1 | 28.9 | 28.9 | -7.3 | -4.6 | -1.0 |
| CARBON COUNTY | 2.6 | 2.6 | 2.6 | -10.3 | -10.3 | -7.1 |
| LACKAWANNA COUNTY | 13.2 | 13.2 | 13.5 | -2.9 | .8 | 3.8 |
| LUZERNE COUNTY | 13.5 | 13.4 | 12.9 | -9.4 | -5.6 | -3.7 |
| MONROE COUNTY | 2.5 | 2.3 | 2.5 | -16.7 | -23.3 | -10.7 |
| PIKE/WAYNE COUNTIES | .9 | 1.0 | 1.0 | -10.0 | .0 | .0 |
| SCHUYLKILL COUNTY | 3.9 | 4.0 | 4.1 | .0 | 8.1 | 10.8 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

Employment in this sector was stable in the Pike/Wayne labor market area throughout the first three quarters of 1981 at 1,000.

Employment in the manufacturing of durable goods within the State was 792,600 during the first quarter of 1981. This was 6.4 percent less than during the first quarter of 1980. The second quarter employment level reached 793,800. This was an increase over the first quarter of 1981, but 3.8 percent less than the employment of this industry during the second quarter of 1980. The number of jobs provided by the manufacture of durable goods declined in the third quarter of 1981 to 791,600.

Employment in the manufacture of durable goods in the United States totaled 12,086,000 during the first quarter of 1981. This was 4.8 percent less than during the first quarter of 1980. During the second quarter of 1981, 12,246,000 people were employed in this industry. This was a slight .6 percent above the figure for the second quarter of 1980. The third quarter of 1981 saw a more substantial increase of 3.6 percent over 1980. During the final quarter of 1981 for which information is available, 12,332,000 people were employed in the manufacture of durable goods.

## NON-DURABLE GOODS MANUFACTURING EMPLOYMENT

During the first quarter of 1981, there were 61,500 persons employed in the manufacturing of non-durable goods in Northeastern Pennsylvania. This number increased to 64,700 during the second quarter. The level of employment declined to 64,100 in the third quarter.

Carbon County saw a stable level of employment in this industry throughout the first three quarters of 1981. All three quarters saw 4,900 people employed in this type of manufacturing.

Employment in this industry in Lackawanna County declined during the first three quarters of 1981. In the first quarter, the level of employment was 15,000. The second quarter figure was down to 14,900. By the third quarter, employment reached 14,500.

Luzerne County also saw a decline in employment in this industry between the first and third quarters of 1981. There was, however, an increase in the second quarter. During the first three quarters of the year, an average of 24,700 people were employed in this industry in Luzerne County.

TABLE 4
NON-DURABLE GOODS EMPLOYMENT

| AREA | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 | Q2-80 | Q3-80 |
| UNITED STATES | 8,895.0 | 9,144.0 | 8,198.0 | -1.9 | .1 | 1.5 |
| PENNSYLVANIA | 505.1 | 509.2 | 514.7 | -4.0 | -2.4 | -.4 |
| NORTHEASTERN PENNSYLVANIA | 61.5 | 64.7 | 64.1 | -6.7 | -2.0 | -1.8 |
| NORTHEAST PENNSYLVANIA SMSA1 | 42.0 | 42.2 | 41.6 | -1.9 | -2.3 | -2.8 |
| CARBON COUNTY | 4.9 | 4.9 | 4.9 | .0 | .0 | 2.1 |
| LACKAWANNA COUNTY | 15.0 | 14.9 | 14.5 | .0 | -1.3 | -.7 |
| LUZERNE COUNTY | 24.7 | 24.9 | 24.6 | -3.5 | -3.1 | -3.9 |
| MONROE COUNTY | 2.3 | 2.4 | 2.5 | 4.5 | .8 | -3.8 |
| PIKE/WAYNE COUNTIES | 2.0 | 2.0 | 2.0 | .0 | .0 | .0 |
| SCHUYLKILL COUNTY | 14.9 | 15.6 | 15.7 | -7.5 | -2.5 | .0 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

There were 2,300 people employed in this industry in Monroe County during the first quarter of 1981. This number increased to 2,400 in the second quarter and to 2,500 in the third quarter.

The employment level in the Pike/Wayne labor market area remained constant at 2,000 during the first three quarters of 1981.

Schuylkill County saw a steady increase in employment in this sector in 1981. In the first quarter, 14,900 people were employed in this industry. By the second quarter the figure increased to 15,600. During the third quarter, the figure increased to 15,700.

Employment in the manufacture of non-durable goods increased in Pennsylvania throughout the three quarters of 1981. The figures went from 505,100 in the first quarter to 509,200 in the second and to 514,700 in the third. Each quarter of 1981, however, showed levels of employment that were less than those exhibited during 1980.

The non-durable goods manufacturing industry in all of the United States employed 8,095,000 during the first quarter of 1981. During the second quarter, the employment level averaged 8,144,000. In the third quarter, the average was still higher (8,198,000).

## WHOLESALE AND RETAIL TRADES EMPLOYMENT

The wholesale and retail trades employed 59,700 during the first quarter of 1981 in Northeastern Pennsylvania. This was 5.7 percent less than during the first quarter of 1980. The employment level increased during the second quarter of 1981 to 62,400, but it was still less than a year earlier. The third quarter figure (62,200) was, also, less than the corresponding 1980 employment level.

All six labor market areas within Northeastern Pennsylvania showed little fluctuation in wholesale/retail trade employment during the first three quarters of 1981. The greatest change appeared in the Pike/Wayne market area where the level began at 1,900 and finished at 2,400.

Wholesale and retail employment in Pennsylvania totaled 969,200 during the first quarter of 1981. The second quarter showed an increase of 10,100 jobs in this industry. The third quarter, however, saw a decrease of 13,500 jobs. It should be pointed out that the third

TABLE 5
WHOLESALE AND RETAIL EMPLOYMENT

| AREA | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | 20,588.0 | 20,689.0 | 20,044.0 | .8 | 1.7 | 2.3 |
| PENNSYLVANIA | 969.2 | 979.3 | 965.8 | -.8 | -1.4 | .2 |
| NORTHEASTERN PENNSYLVANIA | 59.7 | 62.4 | 62.2 | -5.7 | -1.6 | -2.4 |
| NORTHEAST PENNSYLVANIA SMSA | 49.9 | 49.9 | 49.7 | -1.2 | -.8 | -1.6 |
| CARBON COUNTY | 2.7 | 2.8 | 2.7 | -3.6 | 3.7 | .0 |
| LACKAWANNA COUNTY | 18.7 | 18.5 | 18.5 | -5.1 | -5.1 | -4.1 |
| LUZERNE COUNTY | 25.6 | 26.3 | 25.8 | -1.5 | 2.3 | -.4 |
| MONROE COUNTY | 5.6 | 5.1 | 5.4 | 16.7 | .0 | 1.9 |
| PIKE/WAYNE COUNTIES | 1.9 | 2.2 | 2.4 | -20.8 | -15.4 | -14.3 |
| SCHUYLKILL COUNTY | 7.5 | 7.5 | 7.5 | -2.6 | -1.3 | -2.6 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

quarter employment figure was the only one which showed an increase over the comparable quarter of 1980. The first quarter of 1981 figure was .8 percent below the employment level experienced during the first quarter of 1980. The margin of difference increased to 1.4 percent in the second quarter. The level of employment in the industry during the third quarter of 1981 was .2 percent above that of the third quarter of 1980. Thus, the quarter showing the lowest employment level during 1981 was the only quarter showing an increase over 1980.

The number of jobs filled in the wholesale/retail industry within the United States in 1981 increased from 20,588,000 in the first quarter to 20,844,000 in the third quarter. The figure for the first quarter was statistically the same as that for the first quarter of 1980. The third quarter figure was, however, 2.3 percent over that for the third quarter of 1980.

SERVICE TRADES EMPLOYMENT

Service trade employment in Northeastern Pennsylvania showed more growth than did that of the wholesale/retail trade during the first three quarters of 1981. The year began with 53,900 Northeastern Pennsylvanians being employed in the industry. The number increased to 55,900 in the second quarter and to 58,000 in the third quarter. All three quarters of 1981 saw more people employed in the industry than did the comparable quarters of 1980.

In Pennsylvania, employment in the service trades increased throughout the first three quarters of 1981. The level for the first quarter was 967,400. This increased to 987,900 during the second quarter and to 988,100 during the third quarter. Although each quarter showed increases, all were below the comparable figures for 1980. The employment level in this industry during the first quarter of 1981 was .2 percent less than during the same quarter of 1980. By the second quarter, the degree of difference increased to .8 percent. The third quarter showed a decrease in difference, but this quarter still showed a .4 percent loss over the third quarter of 1980.

The service trades industry provided 18,338,000 jobs nationwide during the first quarter of 1981. This was an increase of 4.6 percent over the first quarter of 1980. By the second quarter, 18,525,000 were employed in the industry. During the third quarter, the number had risen to 18,691,000.

TABLE 6
SERVICE EMPLOYMENT

| AREA | EMPLOYMENT (1,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | 18,338.0 | 18,525.0 | 18,691.0 | 4.6 | 5.0 | 3.9 |
| PENNSYLVANIA | 967.4 | 987.9 | 988.1 | -.2 | -.8 | -.4 |
| NORTHEASTERN PENNSYLVANIA | 53.9 | 55.9 | 58.0 | 3.1 | 1.3 | .2 |
| NORTHEAST PENNSYLVANIA SMSA1 | 43.5 | 44.3 | 44.6 | 3.1 | 1.1 | .0 |
| CARBON COUNTY | 2.3 | 2.4 | 2.4 | 9.5 | 9.1 | 14.3 |
| LACKAWANNA COUNTY | 17.1 | 17.1 | 16.6 | 3.6 | .0 | -4.6 |
| LUZERNE COUNTY | 18.9 | 19.6 | 19.4 | .5 | 1.6 | 4.3 |
| MONROE COUNTY | 7.5 | 7.6 | 8.7 | 8.7 | 2.7 | 1.2 |
| PIKE/WAYNE COUNTIES | 2.8 | 3.9 | 5.7 | 12.0 | 8.3 | 1.8 |
| SCHUYLKILL COUNTY | 5.3 | 5.3 | 5.2 | -3.6 | -5.4 | -7.1 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

## AVERAGE WEEKLY HOURS

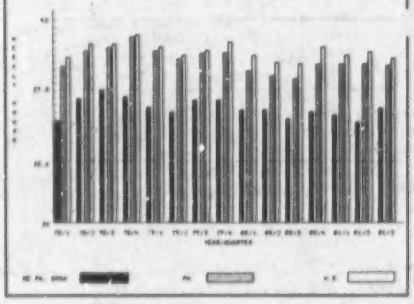
During the first quarter of 1981, the average production worker in the Northeast Pennsylvania Standard Metropolitan Area worked 36.3 hours. The average went down to 35.9 hours in the second quarter. It went up in the third quarter to 36.7 hours.

Average hours worked in Lackawanna County increased one-and-a-third hours between the first and third quarters of 1981 from 36.9 to 38.2. Luzerne County's average stayed at 35.8 hours between these two quarters.

The number of hours spent on the job per week by the average production worker in Pennsylvania during the first quarter of 1981 was 39.3. This figure was repeated in the second quarter and declined to 39.2 during the third quarter. It is interesting to note, however, that as the year progressed, the percentage difference between 1981 and 1980 increased. The number of hours worked during the first quarter of 1981 was one percent above that of the first quarter of 1980. This percentage difference increased to 1.8 percent during the second quarter and to 2.1 percent during the third quarter.

While, nationally, the level of employment in both the manufacturing of durable and non-durable goods increased through the first three quarters of 1981,

FIGURE 3
AVERAGE WEEKLY HOURS: 1978 - 1981



the average number of hours worked by production workers in all manufacturing did not. During the first quarter, each production worker spent 39.8 hours on the job. During the second quarter, 40.0 hours were spent on the job by the average worker. During the third quarter, the average dropped below the first quarter figure to 39.6 hours.

## AVERAGE WEEKLY EARNINGS

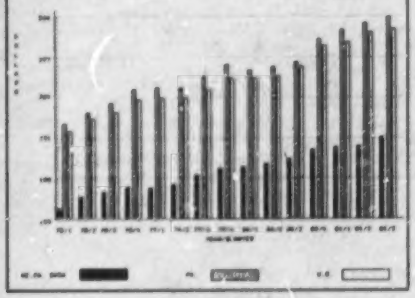
The average production worker in the Northeast Pennsylvania SMSA earned $223.49 per week during the first quarter of 1981. This was 7.7 percent greater

TABLE 7
AVERAGE WEEKLY HOURS

| AREA | WEEKLY HOURS Q1-81 | Q2-81 | Q3-81 | PERCENTAGE INCREASE Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
|---|---|---|---|---|---|---|
| UNITED STATES | 39.8 | 40.0 | 39.6 | .0 | 1.5 | .8 |
| PENNSYLVANIA | 39.3 | 39.3 | 39.2 | 1.0 | 1.8 | 2.1 |
| NORTHEAST PENNSYLVANIA SMSA | 36.3 | 35.9 | 36.7 | -.8 | -1.9 | 1.7 |
| LACKAWANNA COUNTY | 36.9 | 36.3 | 38.2 | 1.7 | -1.6 | 5.5 |
| LUZERNE COUNTY | 35.8 | 35.5 | 35.8 | -2.5 | -4.1 | -.8 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

FIGURE 4
AVERAGE WEEKLY EARNINGS: 1978 - 1981



than during the first quarter of 1980. By the third quarter, weekly earnings averaged $231.45--8.3 percent above that for the third quarter of 1980.

The average weekly wage earned by a production worker in Pennsylvania during each of the first three quarters of 1981 was greater than the national average. During the first quarter, the Pennsylvania average was $318.72. This was $10.26 above the national average. The difference dropped to $7.96 during the second quarter when the average production worker in Pennsylvania earned $324.24. The difference increased in the third quarter to $9.73 when the Pennsylvania average was $328.76. The average weekly earnings of a Pennsylvania production worker during the first quarter of 1981 was 11.5 percent above that for the first quarter of 1980. The difference increased to 12.5 during the second quarter, but declined slightly during the third quarter to 12.4 percent.

The average U.S. production worker earned $308.46 per week during the first quarter of 1981. During the second quarter he earned $316.28 and in the third quarter he earned $319.03. The average production worker's weekly earnings during the first quarter of 1981 were 10.6 percent above those of the first quarter of 1980. The annual rate of growth in earnings was up to 12.6 percent during the second quarter of 1981, but back down to 10.6 percent in the third quarter.

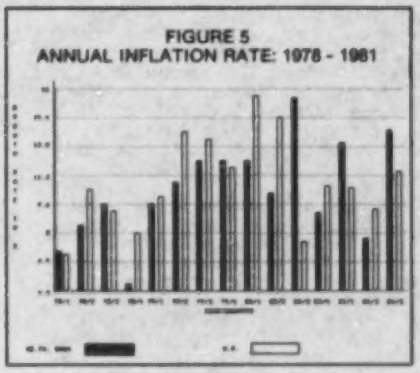
## RATE OF INFLATION

The annual rate of inflation in the Northeast Pennsylvania SMSA was greater than the annual growth rate in earnings during each of the first three quarters of 1981. The rate of growth in the Consumer Price Index for all urban consumers between the fourth quarter of 1980 and the first quarter of 1981, adjusted to an annual rate, was 13.0 percent. The second quarter rate dipped dramatically to 7.7 percent. The third quarter rate was all the way up to 13.7 percent.

TABLE 8
AVERAGE WEEKLY EARNINGS

| AREA | WEEKLY EARNINGS | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | $308.46 | $316.28 | $319.03 | 10.6 | 12.6 | 10.6 |
| PENNSYLVANIA | $318.72 | $324.24 | $328.76 | 11.5 | 12.5 | 12.4 |
| NORTHEAST PENNSYLVANIA SMSA | $223.49 | $229.82 | $231.45 | 7.7 | 8.5 | 8.3 |
| LACKAWANNA COUNTY | $221.28 | $228.54 | $232.42 | 10.3 | 8.1 | 10.5 |
| LUZERNE COUNTY | $223.87 | $226.12 | $231.37 | 5.8 | 5.9 | 7.1 |

SOURCES: 1. SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.
2. PENNSYLVANIA EMPLOYMENT AND EARNINGS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
3. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.




At an annual rate, prices of all goods and services in the United States increased by 10.5 percent between the fourth quarter of 1980 and the first quarter of 1981. Between the first and second quarters of 1981, the rate of increase dropped to 9.3 percent. The rate of inflation increased to 11.4 percent between the second and third quarters of 1981. All of these rates of increase in the prices of goods and services are as measured by the quarterly rate of increase in the "Consumer Price Index for All Urban Consumers" adjusted to an annual rate. These rates of increase indicate that the purchasing power of weekly earnings of production workers remained stable between 1980 and 1981.

## DEPARTMENT STORE SALES

Department store sales did not keep pace with inflation during the first three quarters of 1981 in the Northeast Pennsylvania SMSA. Total sales in the first quarter were $52,270,000--6.6 percent above those of a year earlier. The second quarter was much improved, showing an annual growth rate of 14.3 percent. This rate was higher than the inflation rate. During this quarter sales were $73,388,000. Sales managed to increase between the second and third quarters of the year and reached $74,603,000.

During the first quarter of 1981, total department store sales in the United States totaled $18.9 billion. This was only 6.5 percent above the figure for the first quarter of 1980. Sales during the second quarter of 1981 increased to $24.7 billion--a figure 13.0 percent above that for the second quarter of 1980. During the third quarter of 1981, department store sales actually declined from the level established during the second quarter.

## BUILDING PERMITS

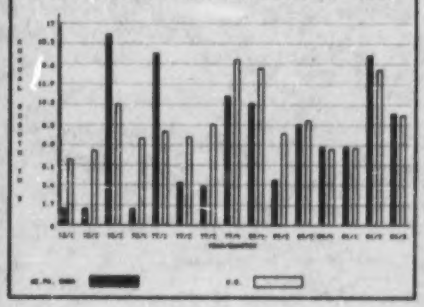
When interest rates are high, as they were in 1981, activity in the construction industry is adversely affected. Such was the case in Northeastern Pennsylvania, as indicated by the number of building permits issued in selected places within the region. During the first quarter of 1981, 230 permits were reported, down 53.8 percent from the first quarter of 1980. The second quarter

TABLE 9
CONSUMER PRICE INDEX

| AREA | ALL URBAN CONSUMERS INDEX | | | ANNUAL PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q4-80 / Q1-81 | Q1-81 / Q2-81 | Q2-81 / Q3-81 |
| UNITED STATES | 262.9 | 269.8 | 276.7 | 10.5 | 9.3 | 11.4 |
| NORTHEAST PENNSYLVANIA SMSA | 255.8 | 259.9 | 268.8 | 13.0 | 7.7 | 13.7 |

SOURCE: CONSUMER PRICE INDEX LETTER, United States Department of Labor, Bureau of Labor Statistics.

FIGURE 6
DEPARTMENT STORE SALES: 1978 - 1981



of 1981 saw an increase over the second quarter of 1980, but the third quarter figure continued the downward trend. During this quarter, the number of issued permits totaled 262--down 51.9 percent from the third quarter of 1980. Pike County did not follow the downward trend experienced by the Region.

The number of building permits issued in selected places in Pennsylvania during the first quarter of 1981 was 4,764. This total was 24.1 percent less than the number issued during the first quarter of 1980. The number of permits issued during the second quarter of 1981 in Pennsylvania was 7,443--up 2,679 from the first quarter of 1981 and 6.6 percent over the second quarter of 1980. The number of permits issued during the third quarter of 1981 (6,059) was down from the second quarter of 1981 and 32.3 percent under the figure recorded during the third quarter of 1980.

Total building permits issued by selected places throughout the United States were 243,153 during the first quarter of 1981. This number of permits was slightly (4.6%) greater than that seen during the first quarter of 1980. The second quarter saw an improvement in the rate of growth in building permits. This number (306,811) was 20 percent greater than that of the second quarter of 1980. The third quarter of 1981 displayed the lowest number of issued building permits of any of the quarters of the year for which information is available. During this quarter, 241,326 permits were issued in those places reporting. This figure was 35.1 percent below that for the third quarter of 1980.

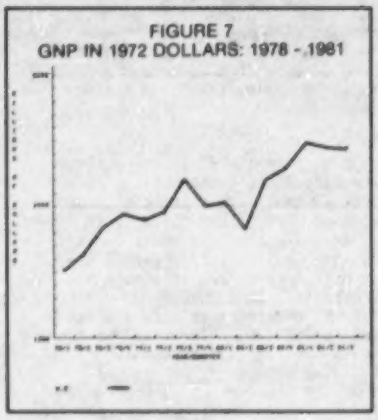
## GROSS NATIONAL PRODUCT

According to standard definition, the national economy is said to be in recession when Gross National Product (GNP) adjusted for inflation declines two quarters in a row. During the first quarter of 1981, real GNP came to $151.64 billion. The second quarter showed a slight decline to $151.04 billion. The third quarter also showed a decline to $150.82 billion. Thus, by the end of the third quarter of 1981, the nation was technically in a period of

TABLE 10
DEPARTMENT STORE SALES

| AREA | TOTAL SALES ($1,000,000s) | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 | Q2-80 | Q3-80 |
| UNITED STATES | $10,993 | $24,660 | $24,312 | 6.5 | 13.8 | 9.2 |
| NORTHEAST PENNSYLVANIA SMSAs | $52.270 | $73.388 | $74.603 | 6.6 | 14.3 | 9.4 |

SOURCE: MONTHLY RETAIL TRADE, United States Department of Commerce, Bureau of the Census.




recession. It should be noted, however, that in real terms, personal expenditures on non-durable goods and on services increased throughout the first three quarters of 1981.

SUMMARY

The number of unemployed Northeastern Pennsylvanians during the first quarter was 45,300. The unemployment level dropped in the second and third quarters. The rate of unemployment in Northeastern Pennsylvania dropped between the first and second quarters of 1981 and remained at this lower level in the third quarter. This pattern was followed by Pennsylvania and the United States.

The number of Northeastern Pennsylvanians with jobs increased through the first three quarters of 1981. Pennsylvania and the United States, also experienced increases in jobs held.

The number of people employed by the durable goods manufacturing industry fluctuated narrowly around 36,600 during the first three quarters of 1981, going lower in the second quarter and higher in the third quarter. The State's level of employment in this industry during the second quarter was below that of the first quarter. It switched directions, however, between the second and third quarters. The national employment pattern in this industry was one of steady growth.

Manufacturers of non-durable goods in Northeastern Pennsylvania employed 61,500 people during the first quarter of 1981. This number increased in the second quarter, but declined in the third. Employment increased in this industry through the first three quarters in both Pennsylvania and the United States.

TABLE 11
BUILDING PERMITS

| AREA | BUILDING PERMITS | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 / Q1-81 | Q2-80 / Q2-81 | Q3-80 / Q3-81 |
| UNITED STATES | 243,153 | 386,811 | 241,326 | 4.6 | 28.0 | -35.1 |
| PENNSYLVANIA | 4,764 | 7,443 | 6,058 | -24.1 | 6.6 | -32.3 |
| NORTHEASTERN PENNSYLVANIA | 238 | 384 | 262 | -53.8 | 33.3 | -51.9 |
| NORTHEAST PENNSYLVANIA SMSA | 136 | 136 | 112 | -47.1 | 3.8 | -62.8 |
| CARBON COUNTY | 1 | 2 | 5 | -75.0 | .0 | .0 |
| LACKAWANNA COUNTY | 4 | 14 | 14 | -90.1 | 75.0 | 27.3 |
| LUZERNE COUNTY | 8 | 32 | 21 | -38.5 | .0 | -89.8 |
| MONROE COUNTY | 124 | 98 | 77 | 175.6 | -1.1 | -8.3 |
| PIKE COUNTY | 78 | 139 | 110 | 84.2 | 131.7 | 96.4 |
| SCHUYLKILL COUNTY | 10 | 61 | 13 | -94.2 | -9.8 | -98.6 |
| WAYNE COUNTY | 13 | 96 | 22 | -27.8 | 84.3 | -58.0 |

SOURCE: HOUSING AUTHORIZED BY BUILDING PERMITS AND PUBLIC CONTRACTS, United States Department of Commerce, Bureau of the Census.

Northeastern Pennsylvania showed little movement in the number of people employed by the wholesale and retail trades during the first three quarters of 1981. In Pennsylvania, 10,100 more people were employed by this industry during the second quarter of 1981 than during the first quarter. The third quarter figure was down 13,500. Nationally, employment in this industry was greater in the third quarter of 1981 than it was in the first quarter.

1981 began with 53,900 Northeastern Pennsylvanians being employed in the service trades. The industry within the region showed growth in the second and third quarters. The State and nation also displayed growth.

On average, production workers within the Northeast Pennsylvania SMSA spent less time on the job per week than did their counterparts in Pennsylvania and the United States during the first three quarters of 1981. The same held true for average weekly earnings of production workers.

During the first quarter of 1981, the annual rate of inflation in the Northeast Pennsylvania SMSA was 2.5 percentage points above the national average. A reverse in positions occurred in the second quarter when the rate of inflation in the Northeast Pennsylvania SMSA was 1.6 percentage points below that of the United States. During the third quarter, the rate for the Northeast Pennsylvania SMSA was 2.3 percentage points above the national average.

Department store sales did not keep pace with inflation during the first three quarters of 1981 in the Northeast Pennsylvania SMSA.

Activity in the building trades (as reflected by the number of building permits issued) was adversely affected by high interest rates during 1981. This was true in Northeastern Pennsylvania, as well as in Pennsylvania and the United States.

TABLE 12
GROSS NATIONAL PRODUCT

| ITEM | TRILLIONS OF 1972 DOLLARS | | | PERCENTAGE INCREASE | | |
|---|---|---|---|---|---|---|
| | Q1-81 | Q2-81 | Q3-81 | Q1-80 Q1-81 | Q2-80 Q2-81 | Q3-80 Q3-81 |
| SEASONALLY ADJUSTED QUARTERLY GNP AT ANNUAL RATES | $1.5164 | $1.5104 | $1.5882 | 1.0 | 3.2 | 2.5 |
| PERSONAL CONSUMPTION EXPENDITURES ON | | | | | | |
| DURABLE GOODS | $.1468 | $.1378 | $.1424 | 1.0 | 8.9 | 7.4 |
| NON-DURABLE GOODS | $.3645 | $.3678 | $.3682 | .8 | 2.0 | 3.7 |
| SERVICES | $.4489 | $.4507 | $.4546 | 2.8 | 3.3 | 2.5 |

SOURCE: SURVEY OF CURRENT BUSINESS, United States Department of Commerce, Bureau of Economic Analysis.

## 3. Long Term Performance of Region's Economy

In the previous chapter, the economic performance of Northeastern Pennsylvania during 1981 was examined in relation to what took place in Pennsylvania and the United States. In this chapter, the performance of the Regional economy during 1981 will be compared with what happened here between 1977 and 1980. The year 1977 was chosen as a point of reference because it was the most recent real growth year nationally. When comparing 1981 with the previous four years, the averages for the first three quarters will be used since, at the time of printing, information on the fourth quarter was not available.

### RATE OF UNEMPLOYMENT

The rate of unemployment in Northeastern Pennsylvania in 1981 averaged 10.1 percent, continuing the upward trend since 1977. The rate of 8.1 percent during 1977 increased to 8.4 percent in 1978. It then went to 8.8 percent in 1979 and to 9.8 percent in 1980. The unemployment rate during the third quarter of 1981 was lower than the third quarter of 1980.

The rate of unemployment in Northeastern Pennsylvania was 9.8 percent during the fourth quarter of 1980. Preliminary estimates indicate that the rate experienced during the fourth quarter of 1981 was 10.7 percent.

### UNEMPLOYMENT

During 1981, the average number of residents of Northeastern Pennsylvania out of a job, but actively seeking one, was 40,700. This number was higher than any of those experienced between 1977 and 1980. In 1977, the average number of unemployed individuals in the region was 31,200. The average increased to 32,600 in 1978, to 35,100 in 1979, and to 39,800 in 1980. The number of people looking for work during the third quarter of 1981 was less than during the third quarter of 1980 by 3,500. In the fourth quarter of 1981, an average 41,800 residents of the region were unemployed.

### EMPLOYMENT

During the first three quarters of 1981 an average 362,900 residents of Northeastern Pennsylvania were in gainful employment. While it is true that the average increased during the year, the average for the first three quarters was below those of the years 1977, 1978 and 1980. Preliminary estimates for the fourth quarter of 1981 show the number of employed people living in Northeastern Pennsylvania at 347,200.

### DURABLE GOODS EMPLOYMENT

In Northeastern Pennsylvania, the manufacturing of durable goods employed an average 36,600 individuals in 1981. This was below the averages for 1979 and 1980, but above those for 1977 and 1978.

### NON-DURABLE GOODS EMPLOYMENT

Employment in non-durable goods manufacturing did not fair as well as in durable goods manufacturing. There were 3,900 fewer people employed in the non-durable goods industry during 1981 than in 1977. Every year, except 1980, showed declines in the level of employment.

### WHOLESALE/RETAIL EMPLOYMENT

There were an average 61,400 individuals employed in the wholesale and retail trades in Northeastern Pennsylvania during the first three quarters of 1981. This average equaled that for 1978. It was greater than the average for 1977, but less than those of 1979 and 1980. It must be pointed out, especially in this case, that information on fourth quarter activity was not available when this report was written. It is expected that, once the figures are released, the fourth quarter will show the traditional increase due to the employment of temporary help during the holiday season.

### SERVICE TRADES EMPLOYMENT

During the first three quarters of 1981, 55,900 people were employed in the service trade industry. This average was above those seen between 1977 and 1980.

It is expected that the fourth quarter of 1981 will see a drop in employment from the third quarter, thus lowering the annual average. A good sign is that the fourth quarter average (although dropping from the third quarter) has been increasing since 1977.

## AVERAGE WEEKLY HOURS

In 1981, the average production worker in the Northeast Pennsylvania SMSA spent 36.3 hours on the job. This figure was down slightly form the 36.4 hour average seen in 1980 and up from the 1977 average of 36.1 hours. The average peaked in 1978 with 37.1 hours and fell by only one-tenth of an hour in 1979.

## AVERAGE WEEKLY EARNINGS

Average weekly earnings of production workers employed in the Northeast Pennsylvania SMSA during the first three quarters of 1981 was $227.35. This was 6.6 percent above the average for the four quarters of 1980. It is expected that the average for the fourth quarter of 1981 will follow the historical trend and be greater than the third quarter average, thus increasing the annual average. The quarterly average earnings earned per week by production workers has increased every quarter, but one, between the first quarter of 1977 (when the average was $162.08) and the third quarter of 1981 (when the average was $231.45). The growth rate in earnings over this period amounted to 42.8 percent.

## RATE OF INFLATION

The Consumer Price Index for all urban consumers in the Northeast Pennsylvania SMSA, averaged 264.0 (using the 1967 average as a base index of 100) during 1981. The index during 1977 averaged 180.0, indicating that over the period prices rose 46.7 percent. Between the first quarter of 1977 and the third quarter of 1981, prices rose 52.0 percent indicating that the wages earned by production workers did not keep pace with the cost of living.

## DEPARTMENT STORE SALES

During the first three quarters of 1981, department store sales in the Northeast Pennsylvania SMSA totaled $200,261,000. Since the fourth quarter so out strides the other three, and since fourth quarter information is not available, it is more meaningful to compare 1981 to previous years using the quarterly totals. The first quarter sales in 1977 were $33,734,000. The 1981 figure was up 54.9 percent from this. The second quarter growth rate between 1977 and 1981 was 61.1 percent. The third quarter rate remained at 61.1 percent. Thus, in the Northeast Pennsylvania SMSA, department store sales increased faster between 1977 and 1981 than did prices. This indicates the actual number of goods sold in area department stores grew.

## BUILDING PERMITS

The average number of building permits issued during the first three quarters of 1981 in Northeastern Pennsylvania was 292. The annual average is expected to drop once the fourth quarter figures are released. The peak number of permits issued between the first quarter of 1977 and the third quarter of 1981 was attained in the third quarter of 1980 when the number was 545.

## TABLE 13
## ECONOMIC INDICATORS OF NORTHEASTERN PENNSYLVANIA: 1977 - 1981

| INDICATOR | QUARTER | YEAR | | | | | PERCENTAGE INCREASE | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1977 | 1978 | 1979 | 1980 | 1981 | 1977 1978 | 1978 1979 | 1979 1980 | 1980 1981 |
| PERCENTAGE RATE OF UNEMPLOYMENT | FIRST | 10.3 | 9.7 | 9.6 | 10.3 | 11.3 | -5.8 | -1.0 | 7.3 | 9.7 |
| | SECOND | 7.5 | 7.4 | 7.5 | 9.3 | 9.8 | -1.3 | 1.4 | 24.0 | 5.4 |
| | THIRD | 7.3 | 8.2 | 8.8 | 10.0 | 9.2 | 12.3 | 7.3 | 13.6 | -8.0 |
| | FOURTH | 7.3 | 8.4 | 9.5 | 9.0 | NA | 15.1 | 13.1 | 3.2 | NA |
| | AVERAGE | 8.1 | 8.4 | 8.8 | 9.8 | 10.1 | 3.7 | 4.8 | 11.4 | 3.1 |
| UNEMPLOYMENT (in 1,000s) | FIRST | 39.5 | 37.0 | 37.6 | 41.4 | 45.3 | -6.3 | 1.6 | 10.1 | 9.4 |
| | SECOND | 28.9 | 28.1 | 29.4 | 37.3 | 39.3 | -2.8 | 4.6 | 26.9 | 5.4 |
| | THIRD | 28.7 | 32.4 | 35.6 | 40.9 | 37.4 | 12.9 | 9.9 | 14.9 | -8.6 |
| | FOURTH | 27.7 | 33.0 | 37.8 | 39.8 | NA | 19.1 | 14.5 | 5.3 | NA |
| | AVERAGE | 31.2 | 32.6 | 35.1 | 39.8 | 40.7 | 4.5 | 7.7 | 13.4 | 2.3 |
| TOTAL EMPLOYMENT (in 1,000s) | FIRST | 343.8 | 342.7 | 357.3 | 359.2 | 355.0 | -.3 | 4.3 | .5 | -1.2 |
| | SECOND | 357.8 | 352.8 | 362.3 | 362.9 | 362.1 | -1.4 | 2.7 | .2 | -.2 |
| | THIRD | 363.5 | 368.5 | 368.6 | 372.6 | 371.5 | -.0 | 2.2 | 1.1 | -.3 |
| | FOURTH | 353.3 | 360.4 | 362.6 | 367.3 | NA | 2.0 | .6 | 1.3 | NA |
| | AVERAGE | 354.6 | 354.1 | 362.7 | 365.5 | 362.9 | -.1 | 2.4 | .8 | -.7 |
| DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | 34.2 | 34.3 | 37.3 | 39.2 | 36.6 | .3 | 8.7 | 5.1 | -6.6 |
| | SECOND | 34.6 | 35.2 | 37.4 | 37.8 | 36.5 | 1.7 | 6.2 | 1.1 | -3.4 |
| | THIRD | 34.1 | 34.7 | 36.8 | 36.6 | 36.7 | 1.8 | 1.7 | 1.7 | .3 |
| | FOURTH | 33.8 | 36.2 | 37.8 | 37.8 | NA | 7.1 | 2.2 | .0 | NA |
| | AVERAGE | 34.2 | 35.2 | 36.9 | 37.6 | 36.6 | 2.9 | 4.8 | 1.9 | -2.7 |
| NON-DURABLE GOODS EMPLOYMENT (in 1,000s) | FIRST | 67.4 | 66.2 | 65.6 | 65.9 | 61.5 | -1.8 | -.9 | .5 | -6.7 |
| | SECOND | 68.3 | 67.5 | 65.9 | 66.8 | 64.7 | -1.2 | -2.4 | 1.2 | -2.8 |
| | THIRD | 66.8 | 67.8 | 64.3 | 65.3 | 64.1 | 1.5 | -3.6 | 1.6 | -1.8 |
| | FOURTH | 66.5 | 66.8 | 64.4 | 65.7 | NA | .5 | -3.6 | 2.0 | NA |
| | AVERAGE | 67.3 | 66.9 | 65.0 | 65.7 | 63.4 | -.6 | -2.8 | 1.1 | -3.5 |
| WHOLESALE/RETAIL TRADE EMPLOYMENT (in 1,000s) | FIRST | 58.4 | 59.6 | 60.8 | 63.3 | 59.7 | 2.1 | 7.4 | -1.1 | -5.7 |
| | SECOND | 59.3 | 60.1 | 65.8 | 63.2 | 62.4 | 1.3 | 8.2 | -1.3 | -1.6 |
| | THIRD | 60.8 | 61.1 | 63.9 | 63.7 | 62.2 | 1.8 | 4.6 | -.3 | -2.4 |
| | FOURTH | 61.5 | 60.9 | 65.3 | 65.8 | NA | 5.5 | -.6 | -.5 | NA |
| | AVERAGE | 59.8 | 61.4 | 64.6 | 63.8 | 61.4 | 3.2 | .5 | -1.2 | -3.8 |
| SERVICE TRADES EMPLOYMENT (in 1,000s) | FIRST | 48.5 | 50.8 | 50.2 | 52.3 | 53.9 | 3.1 | .4 | 4.2 | 3.9 |
| | SECOND | 51.8 | 52.8 | 52.8 | 55.2 | 55.9 | 2.8 | 1.5 | 4.5 | -.4 |
| | THIRD | 53.4 | 54.4 | 55.2 | 57.9 | 58.0 | 1.9 | 1.5 | 4.9 | .2 |
| | FOURTH | 50.2 | 51.7 | 52.0 | 54.5 | NA | 3.0 | 2.1 | 3.2 | NA |
| | AVERAGE | 50.8 | 52.8 | 52.8 | 55.0 | 55.9 | 2.4 | 1.5 | 4.2 | 1.6 |
| AVERAGE WEEKLY HOURS (in MEPA SMSA) | FIRST | 35.8 | 36.8 | 36.8 | 36.6 | 36.3 | .6 | 2.2 | -.5 | -.8 |
| | SECOND | 36.8 | 37.3 | 36.5 | 36.6 | 35.9 | 1.6 | -2.1 | .3 | -1.9 |
| | THIRD | 36.5 | 37.8 | 37.2 | 36.1 | 36.7 | 3.6 | -1.6 | -3.0 | 1.7 |
| | FOURTH | 36.1 | 37.4 | 37.2 | 36.5 | NA | 3.6 | -.5 | -1.9 | NA |
| | AVERAGE | 36.1 | 37.1 | 37.0 | 36.4 | 36.3 | 2.8 | -.3 | -1.6 | -.3 |
| AVERAGE WEEKLY EARNINGS (in MEPA SMSA) | FIRST | $162.88 | $173.71 | $190.19 | $207.47 | $223.49 | 7.2 | 9.5 | 9.1 | 7.7 |
| | SECOND | $165.53 | $182.69 | $193.44 | $216.26 | $229.62 | 10.4 | 5.9 | 8.7 | 6.5 |
| | THIRD | $178.58 | $187.57 | $201.66 | $213.78 | $231.45 | 10.8 | 7.2 | 6.3 | 8.3 |
| | FOURTH | $172.32 | $191.29 | $206.48 | $221.23 | NA | 11.8 | 8.8 | 7.1 | NA |
| | AVERAGE | $167.61 | $183.80 | $197.79 | $213.18 | $227.35 | 9.7 | 7.6 | 7.8 | 6.6 |
| CONSUMER PRICE INDEX (for MEPA SMSA) | FIRST | 176.8 | 186.8 | 201.9 | 226.7 | 255.8 | 5.2 | 8.0 | 12.3 | 12.8 |
| | SECOND | 178.8 | 190.8 | 207.3 | 232.5 | 259.9 | 11.8 | 9.2 | 12.2 | 11.8 |
| | THIRD | 181.3 | 194.5 | 213.6 | 241.5 | 268.8 | 7.3 | 9.8 | 13.1 | 11.3 |
| | FOURTH | 182.8 | 197.1 | 220.1 | 247.8 | 272.2 | 7.8 | 11.7 | 12.2 | 10.2 |
| | AVERAGE | 180.0 | 191.9 | 210.2 | 236.9 | 264.8 | 6.6 | 9.5 | 12.7 | 11.8 |
| DEPARTMENT STORE SALES WITHIN MEPA SMSA (in $1,000,000s) | FIRST | $33.73M | $43.871 | $44.429 | $49.827 | $52.278 | 27.7 | 31.5 | 10.3 | 6.6 |
| | SECOND | $45.561 | $59.728 | $61.865 | $68.186 | $73.388 | 31.1 | 3.6 | 3.8 | 14.2 |
| | THIRD | $46.296 | $60.799 | $62.829 | $68.188 | $74.683 | 31.3 | 3.3 | 8.5 | 9.6 |
| | FOURTH | $87.587 | $80.725 | $98.188 | $104.87M | NA | 1.4 | 10.9 | 6.6 | NA |
| | TOTAL | $213.898 | $252.315 | $267.511 | $286.267 | $280.261 | 18.4 | 6.0 | 7.0 | |
| | AVERAGE | $53.27M | $63.079 | $66.878 | $71.567 | $66.75M | 18.4 | 6.0 | 7.0 | -6.7 |
| BUILDING PERMITS ISSUED IN SELECTED PLACES | FIRST | 228 | 337 | 224 | 498 | 236 | 47.8 | -33.5 | 122.3 | -53.8 |
| | SECOND | 512 | 344 | 484 | 288 | 384 | 32.8 | 17.4 | -28.7 | 33.3 |
| | THIRD | 192 | 436 | 334 | 545 | 262 | 127.1 | -24.3 | 63.2 | -51.9 |
| | FOURTH | 138 | 257 | 289 | 235 | NA | 86.2 | 12.5 | -18.7 | NA |
| | TOTAL | 1070 | 1374 | 1347 | 1566 | 876 | 28.4 | -9.2 | 25.6 | |
| | AVERAGE | 267 | 343 | 312 | 392 | 292 | 28.4 | -9.2 | 25.6 | -25.5 |

SOURCES: 1. LABOR MARKET LETTERS, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.
2. CONSUMER PRICE INDEX LETTER, United States Department of Labor, Bureau of Labor Statistics.
3. MONTHLY RETAIL TRADE, United States Department of Commerce, Bureau of the Census.
4. HOUSING AUTHORIZED BY BUILDING PERMITS AND PUBLIC CONTRACTS, United States Department of Commerce, Bureau of the Census.

## 4. Outlook for 1982

UNITED STATES

In the fourth quarter of 1981, real Gross National Product (GNP) declined at an annual rate of 5.2 percent following the 1.4 percent increase in the third. Furthermore, softness in underlying demand factors suggests there will not be an early rebound in business activity. The real income of consumers is declining; capacity utilization in manufacturing is sinking rapidly, undercutting capital spending; and inventories are out of line with final sales.

The steepest declines in December were in the output of durable consumer goods, led by a futher cutback in auto assemblies and a drop in production of home goods.

Output of non-durable goods, which had not declined significantly in previous months, fell 1.1 percent in December, with a particularly large decline in apparel.

As 1982 opened, the decline in economic activity was continuing. To date, there is little convincing evidence to suggest the recession is coming to an end. The December Commerce Department Index of Leading Indicators was up from November, but business productivity plunged at a record rate in the final quarter of last year.

The national economic projections for 1982 vary widely. Most forecasters agree that the sharp decline in the economy will end by midyear. But estimates of the anticipated upturn's precise nature and timing range over a wide band. Some forecasts see an L-shaped trend. These projections hold the downward trend will stop, but no significant upturn will occur in 1982. On the more optimistic side are the Presidential advisers who see a definite upward trend beginning in the third quarter.

On the plus side is the federal income-tax cuts scheduled for July. These cuts are expected to boost the economy during the second half of the year. On the minus side, inflation and interest rates are not expected to decline to any great extent during 1982. Some forecasters are even calling for increases in inflation and interest rates during the second half of the year.

The White House has been predicting recovery from the recession will begin around mid-1982. This forecast, as usual, is based on assumptions, some of which may prove wrong. One such assumption concerns the Federal Reserve Board. If the Fed continues to restrain the growth of the money supply to try to subdue inflation, the recovery could be slower than expected. Recoveries have to be financed and if, as expected, the Fed allows the money supply to grow slowly, any attempt at recovery will force an upturn in interest rates. High rates would be likely to slow the economy in 1982, as they did in 1981.

If, as has been true in the past, Congress and the White House stimulate the economy to win votes in this year's congressional election, it is feared that inflation will accelerate during the latter half of 1982.

The unemployment rate usually hits its peak after the economy reaches its lowest level, and 1982 is not likely to be an exception. The Council believes the rate will exceed 10 percent in the second quarter. If the recession ends by July, as the White House economists forecast, the rate is expected to remain between 9 and 10 percent until the fourth quarter. Expectations at the Council are that the Administration's forecast will be delayed by two quarters, bringing the end of the recession some time during the fourth quarter of 1982. If the Council's expectations are correct, the rate of unemployment should average 10 percent during the second and third quarters and decline slowly to 9.5 percent in the fourth quarter of 1982 and 9.2 percent in the first quarter of 1983.

## NORTHEASTERN PENNSYLVANIA

In the past, the economy of Northeastern Pennsylvania has reflected national trends. The projected increases in national inflation and unemployment rates during 1982 should carry over into Northeastern Pennsylvania.

Most national forecasts indicate a rise in the unemployment rate during, at least, the first two quarters of 1982. The region's economy should follow this pattern.

The average rate of unemployment in Northeastern Pennsylvania was 10.1 percent during the first three quarters of 1981. This rate was 2.6 percentage points above the national rate. If the industrial mix of the region maintains its relationship to that of the nation, and if the Administration's forecast hold true, the rate of unemployment in Northeastern Pennsylvania should rise to between 13.5 and 14.0 percent during the second and third quarters of 1982, and slowly start to decline in the fourth quarter. If, as we expect, the Administration's projection is delayed by one or two quarter, the region's unemployment rate could maintain these high rates (13-14 percent) until the first quarter of 1983 when a turn around in the regional economy occurs.

During the third quarter of 1981, the region's annual rate of inflation was 13.7 percent. In this quarter, the national rate of inflation stood at 11.4 percent--2.3 percentage points below the rate for the region. If the Fed's policy of tight money holds, the national inflation rate should fluctuate around 10 percent during 1982. Given the 1981 performance difference between the Northeast Pennsylvania SMSA and the United States of 1.1 percent, the regional inflation rate should range around 11 percent during 1982. If, however, the administration should try to gain congressional seats by stimulating the economy so there will be short-term economic gains, the regional inflation will follow the national rate in an upward direction.

## PROPOSED FEDERAL BUDGET CUTS

These projections do not take into account the possible economic effects of President Reagan's proposed 1983 budget cuts on Northeastern Pennsylvania. Several important programs which aid the region directly could be affected.

Two such programs are those of the Appalachian Regional Commission and the Economic Development Administration. The long-term economic stress which the region experienced caused job creation to be the number one issue in 1965, the year the ARC and EDA were born. It remains the number one issue in 1981. With the help of both of these programs, Northeastern Pennsylvania has made an exciting comeback. The economic rebirth since the 1960's, due in large measure to the ARC and EDA investments of the region, has done much to reduce the outmigration losses.

Between 1966 and 1980 ARC and EDA invested $133,272,472 in Northeastern Pennsylvania. $91,063,472 from ARC and $42,209,000 from EDA in permanent job creating programs. This investment has assisted in the creation of 16,055 jobs with a one time cost per job of $8,300, significantly less than the $60,000 to $70,000 per person year figure used by the Administration to justify elimination of the EDA program. (The Local Public Works investment of $31,516,000 and the EDA Flood Recovery Program investments of $15,556,000 are not included in the $133,272,472 investments since both these programs were aimed at a specific problem and not intended to develop permanent jobs.)

If the funds of these two agencies are diminished, along with other federal budget cuts, the rate of unemployment may climb to even higher levels than currently forecasted in 1982. In addition, there are uncertainties this time on the block grant programs and funds which the Commonwealth of Pennsylvania will administer.

## Credits

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# ECONOMIC INDICATORS OF NORTHEASTERN PENNSYLVANIA 1959 - 1978

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The RDCSP is organized to further social, economic, and spatial development in the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne. It accomplishes this purpose through research, planning, development, and related public information activities. These activities are carried out by a full-time professional staff under policies established by a 230-member Board of Directors composed of representatives of major interest groups of both the public and private sectors. The work program and staff are made possible by Federal and State grants and contracts; as well as contributions, county and municipal memberships, and subscriptions by private firms, organizations, and individuals throughout the Region.

August, 1979

economic development council of northeastern pennsylvania
proximity to market . . . a competitive edge.

Economic Development Council
of Northeastern Pennsylvania
P. O. Box 777
Avoca, Pennsylvania 18641

Dear Citizens and Public Officials:

In an attempt to assist private and public individuals who need to know how our area is doing economically, the Economic Development Council of Northeastern Pennsylvania has published this report entitled, Economic Indicators of Northeastern Pennsylvania: 1959-1978, which compares the economic performance of Northeastern Pennsylvania with those of the nation and Pennsylvania. This is an update of a previous report on economic indicators. Up to now, current information on how our economy is doing has been available in several publications which are not well known to the general public. "Economic Indicators" presents this information in an easy to follow format incorporating verbal analysis, tables and graphs.

The Council hopes the information presented in this publication helps you follow the economic trends of Northeastern Pennsylvania. If you have need for additional economic data for the seven county Northeastern Pennsylvania Region or for any of the individual counties, contact the Council's Research Department.

Respectfully,

Vivian P. Edwards

Vivian P. Edwards
President

VIVIAN P. EDWARDS, PRESIDENT
HOWARD J. GROSSMAN, EXECUTIVE DIRECTOR

P.O. BOX 777 / AVOCA, PA. 18641 / TEL. 717-655-5581

REPORT TITLE: ECONOMIC INDICATORS OF NORTHEASTERN PENNSYLVANIA: 1959-1978

PURPOSE: To assist private and public individuals who need to know how Northeastern Pennsylvania is doing economically by presenting economic information gathered from several publications (generally unknown to the public) in an easy to follow format incorporating verbal analysis, tables, and graphs.

SUMMARY: Economic Indicators of Northeastern Pennsylvania: 1959-1978 presents information on the economic trends of the Region over the past twenty years in a simplified format which should be useful to various individuals and agencies interested in the relative performance of Northeastern Pennsylvania. For comparison, trends are presented for the United States and Pennsylvania.

1978 was a year of economic recovery for Northeastern Pennsylvania. The regional unemployment rate was the lowest it has been in the last four years. Total employment declined slightly in the first three quarters of the year, but recovered in the fourth quarter. Average weekly hours posted a solid gain throughout most of 1978. Average weekly earnings were up even greater than average weekly hours - about 10 percent. The increase in earnings in 1978 exceeded inflation which led to a real gain in earnings. A real gain was posted in department store sales, also.

The unemployment rate in Northeastern Pennsylvania during the first quarter of 1978 stood at 9.7 percent. The rate dropped to 7.4 percent in the second quarter, but it increased to 8.2 percent in the third quarter and 8.4 percent in the fourth quarter.

Employment in the seven-county area rose from 342,700 in the first quarter of 1978 to 352,800 in the second quarter to 360,500 in the third quarter. In the fourth quarter the total employment fell slightly to 359,100.

The rate of inflation in the Northeast Pennsylvania SMSA between the fourth quarter of 1977 and the first quarter of 1978 adjusted to an annual rate was 6.8 percent. The rate increased to 8.8 percent for the second quarter. Inflation dropped to 7.3 percent in the third quarter. In the fourth quarter, inflation rose to 7.8 percent.

During the first quarter of 1978, department store sales in the Northeast Pennsylvania SMSA totaled $38,800,000. Total sales in both the second and third quarters were about $60,000,000. The fourth quarter generated sales of $88,798,000.

USE: Public and private policy makers concerned with current economic conditions and development trends in Northeastern Pennsylvania.

# ECONOMIC INDICATORS

of

Northeastern Pennsylvania

1959 - 1978

Prepared by:

ECONOMIC DEVELOPMENT COUNCIL
OF NORTHEASTERN PENNSYLVANIA
Post Office Box 777
Avoca, Pa. 18641

June 1979

REGION 3

NORTHEASTERN PENNSYLVANIA

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## ABSTRACT

"Economic Indicators of Northeastern Pennsylvania: 1959 - 1978" compares the economic performance of Northeastern Pennsylvania with those of the United States and Pennsylvania historically. The analysis includes various economic indicators such as unemployment rates, total employment, average weekly hours and earnings, inflation, department store sales, money supply, and employment structure.

## PREFACE

The Economic Development Council of Northeastern Pennsylvania is a non-profit organization to further economic, social, and physical development in the seven counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne. The Council accomplishes these purposes through research, planning, development, and related public information activities. These efforts are carried out by a full-time professional staff under policies established by a 230-member Board of Directors representing major interest groups of both the public and private sectors. The work program and staff are supported by Federal and State grants and contracts, as well as contributions by private firms, units of local government, and other private organizations and individuals throughout the seven-county region.

The objectives of the Council are accomplished, in part, through the study of the growth and development of private industry in Northeastern Pennsylvania, the analysis of the economic well-being of the people and business firms in the region, and the overall economy of the region.

EDCNP continuously is evaluating and preparing economic indicators on the region as a part of its work program. The purpose of these indicators has been to provide information to the Council's public and private policy makers on current economic conditions and development trends in Northeastern Pennsylvania.

Economic Indicators of Northeastern Pennsylvania: 1959-1978 presents information on the economic trends of the Region over the past years in a simplified format which should be useful to various individuals and agencies interested in the relative performance of Northeastern Pennsylvania. For comparison, trends are presented for the United States and Pennsylvania.

EDCNP will issue quarterly updates of the tables in this report throughout the year.

Your comments regarding how this report might be strengthened or expanded so that it will be more useful to your agency and other public and private interests are welcomed.

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## NOTES AND DEFINITIONS

Employed persons comprise (a) all those who during the survey week did any work at all as paid employees, in their own business, profession, or farm, or who worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family, and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent because of illness, bad weather, vacation, labor-management dispute, or personal reasons, whether or not they were paid by their employers for the time off, and whether or not they were seeking other jobs. Source: Employment and Earnings, U.S. Department of Labor.

Unemployed persons comprise all persons who did not work during the survey week, who made specific efforts to find a job within the past 4 weeks, and who were available for work during the survey week (except for temporary illness). Also included as unemployed are those who did not work at all, were available for work, and (a) were waiting to be called back to a job from which they had been laid off; or (b) were waiting to report to a new wage or salary job within 30 days. Source: Employment and Earnings, U.S. Department of Labor.

The civilian labor force comprises the total of all civilians classified as employed or unemployed. Source: Employment and Earnings, U.S. Department of Labor.

The unemployment rate represents the number unemployed as a percent of the civilian labor force. Source: Employment and Earnings, U.S. Department of Labor.

Production and related workers include working supervisors and all nonsupervisory workers (including group leaders and trainees) engaged in fabricating, processing, assembling, inspection, receiving, storage, handling, packing, warehousing, shipping, maintenance, repair, janitorial and guard services, product development, auxiliary production for plant's own use, and record keeping and other services closely associated with the above production operations. Source: Employment and Earnings, U.S. Department of Labor.

Average weekly hours of production workers in manufacturing establishments covers the hours paid for, during the pay period which includes the 12th of the month. Included are hours paid for holidays and vacations, and for sick leave when pay is received directly from the firm. Source: Employment and Earnings, U.S. Department of Labor.

Average weekly earnings of production workers in manufacturing establishments covers the payroll for full- and part-time production workers who received pay for any part of the period which includes the 12th of the month. The payroll is reported before deductions of any kind. Bonuses, other pay not earned in the pay period reported, tips, and the value of payment in kind are excluded. "Fringe benefits" are also excluded. Source: Employment and Earnings, U.S. Department of Labor.

Consumer price index (CPI) measures average changes in prices of goods and services usually bought by urban wage earners and clerical workers. It is based on prices of about 400 items which were selected to represent the movement of prices of all goods and services purchased by wage earners and clerical workers. Prices for these items are obtained in urban portions of 39 major statistical areas and 17 smaller cities, which were chosen to represent all urban places in the United States. Scranton is the only city in the seven-county Northeastern Pennsylvania Region included in the sample.

Data are collected from about 18,000 establishments nationwide — grocery and department stores, hospitals, filling stations, and other types of stores and service establishments.

The index measures price changes from a designated reference date -- 1967 — which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This rate of increase can also be considered the rate of inflation between the two periods. The annual rate of inflation between consecutive quarters is found by multiplying the percentage increase in the CPI between quarters by four. Source: Consumer Price Index, U.S. Department of Labor.

Gross national product (GNP) is the market value of the output of goods and services produced by the Nation's economy, before deduction of depreciation charges and other allowances for business and institutional consumption of durable capital goods. The Nation's economy in this context refers to labor and property supplied by residents of the Nation. Source: Business Statistics, U.S. Department of Commerce.

Gross national product in constant dollars (real gross national product) is derived bydividing components of the seasonally adjusted current-dollar gross national product by appropriate price indexes. About 100 product groups are deflated separately, and several times as many price indexes are combined to deflate the current-dollar series. Seasonal variations are eliminated from the price series used. The quarterly results obtained are adjusted to the annual constant-dollar figures yielding a series of seasonally adjusted annual rates of gross national product from which the effect of price changes have been removed. Source: Business Statistics, U.S. Department of Commerce.

Personal consumption expenditures consist of the market value of purchases of goods and services by individuals and nonprofit institutions and the value of food, clothing, housing, and financial services received by them as income in kind. They include the rental value of owner-occuped homes, but do not include purchases of dwellings, which are classified as capital goods. Source: Business Statistics, U.S. Department of Commerce.

Industry employment data, except those for the Federal Government, refer to persons on establishment payrolls who received pay for any part of the pay period which includes the 12th of the month. For Federal Government establishments, employment figures represent the number of persons who occupied positions on the last day of the calendar month. Intermittent workers are counted if they performed any service during the month.

The data exclude proprietors, the self-employed, unpaid volunteer or family workers, farm workers, and domestic workers in households. Salaried officers of corporations are included. Government employment covers only civilian employees; military personnel are excluded. Source: Employment and Earnings, U.S. Department of Labor.

Durable goods industries include all establishments primarily engaged in producing the following: furniture and fixtures; primary metals; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments and related products; ordnance; lumber and wood products; stone, clay, and glass products; and miscellaneous manufactures. Source: Labor Market Letter, Pennsylvania Department of Labor and Industry.

Nondurable goods industries include all establishments primarily engaged in producing the following: food products, textile products, apparel and related products, paper products, printing and publishing, chemical and allied products, rubber and miscellaneous plastic products, leather products, tobacco products, and oil and coal products. Source: Labor Market Letter, Pennsylvania Department of Labor and Industry.

Retail trade includes all establishments primarily engaged in selling merchandise for personal or household consumption, and rendering services incidental to the sale of goods. Source: 1972 Census of Retail Trade, U.S. Department of Commerce.

Service industries cover the following industries: hotels, motels, tourist courts, trailering parks, and camps; personal services; business services; automotive repair, services, and garages; miscellaneous repair services; amusement and recreation services, including motion pictures; dental laboratories; legal services; health services; educational services; social services; and museums, art galleries, botanical and zoological gardens. Source: 1972 Standard Industrial Classification Manual, Executive Office of the President; Office of Management and Budget.

Wholesale trade includes all establishments primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, or professional users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies. Source: 1972 Census of Wholesale Trade, U.S. Department of Commerce.

Department store sales include merchandise sold and receipts from repairs and from other services to customers, including service charges for extending credit. Sales are net after deducting refunds and allowances for merchandise returned by customers, but allowances for merchandise taken in trade are not deducted. Sales include local and State sales taxes and Federal excise taxes collected by the store directly from customers and paid directly by the store to a local, State, or Federal tax agency. Gasoline, liquor, tobacco, and other excise taxes which are paid by the manufacturer or wholesaler and passed along to the retailer are also included. Total sales exclude amounts other than those received from customers, such as income from investments, rental of real estate, etc.

Sales do not include retail sales made by manufacturers, wholesalers, service establishments, and other businesses whose primary activities are other than retail trade. They do, however, include receipts other than from the retail sales of merchandise (e.g., service receipts, sales to industrial users, sales to other retailers, etc.) by establishments primarily engaged in retail trade. Source: Monthly Department Store Sales, U.S. Department of Commerce.

Money supply covers the total of the public's holdings of coin and currency and demand deposits in banks. Source: Business Statistics, U.S. Department of Commerce.

The demand deposit component of the money supply consists of demand deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float (float represents reserves credited to member banks on checks in process of collection by the Federal Reserve banks for which offsetting debits have not yet been made against the reserve accounts of the drawee banks) and foreign demand balances at Federal Reserve banks. Source: Business Statistics, U.S. Department of Commerce.

## HIGHLIGHTS

### CHAPTER ONE: UNEMPLOYMENT

- The annual unemployment rate in Northeastern Pennsylvania over the last three years has been one and one-half to two and one-half percentage points above the United States rate and one to two points higher than Pennsylvania's rate.
- The annual unemployment rate for Northeastern Pennsylvania has not been below 7.3 percent in four and one-half years. The last quarter it was below that rate was the third quarter of 1974.
- Northeastern Pennsylvania recorded an unemployment rate of 8.4 percent in the fourth quarter of 1978. The Statewide unemployment rate was 6.5 percent and the national unemployment rate was 5.3 percent for the fourth quarter of 1978.

### CHAPTER TWO: EMPLOYMENT

- Total employment in Northeastern Pennsylvania dropped in three of the four quarters of 1978.
- The fourth quarter of 1978 showed a slight employment gain for Northeastern Pennsylvania. - 1.6 percent (from fourth quarter 1977 to fourth quarter 1978).
- The local employment level peaked at 376,700 in the third quarter of 1974. The employment has been well below that level since that time. In the fourth quarter of 1978 employment was 359,100.

### CHAPTER THREE: AVERAGE WEEKLY HOURS

- Average weekly hours per worker on payrolls of manufacturing establishments in Northeastern Pennsylvania has traditionally been below that of the United States and Pennsylvania.
- During the fourth quarter of 1978, average weekly hours in the Northeast Pennsylvania SMSA was 37.4 hours compared with national and statewide figure of 40.9 hours.
- The last three quarters of 1978, each recorded gains of 3.6 percent in average weekly hours over the same quarters of the previous year.

### CHAPTER FOUR: AVERAGE WEEKLY EARNINGS

- Average weekly earnings for the Northeast Pennsylvania SMSA has registered large gains in the last two years. Seven of the last eight quarters registered annual gains of over 10.4 percent.
- Average weekly earning was $192.24 in the fourth quarter for the Northeast Pennsylvania SMSA.
- Average weekly earnings for the Northeast has grown $36.91 in the last two years.

CHAPTER FIVE: PRICES

- The movement of the local inflation rate has been parallaling that of the national rate.
- The local inflation rate has been slightly below the national rate over the last four years.
- Inflation has been accelerating over the last five quarters.
- In the fourth quarter of 1978, the inflation rate in the Northeast Pennsylvania SMSA was 7.8 percent.

CHAPTER SIX: GROSS NATIONAL PRODUCT (GNP) AND PERSONAL CONSUMPTION EXPENDITURES

- Quarterly growth of real GNP has ranged between zero and 1.8 percent in the last two and a half years.
- In terms of 1972 dollars, the annual GNP stood at $1.4 trillion in the fourth quarter 1978.
- Over most of the last one and one half years, personal consumption expenditures on durable goods have posted moderate annual gains of 5.7 to 8.3 percent.
- Recent annual gains in personal consumption expenditures of non-durable goods have been about 2 percent.
- Throughout the 1974-75 recession, U.S. personal consumption expenditures on services continued to rise.
- The recent annual gains in personal consumption expenditures on services have been about 4.3 percent.

CHAPTER SEVEN: EMPLOYMENT STRUCTURE

- The employment structure of Northeastern Pennsylvania is significantly different than that of Pennsylvania and the Nation. The production of non-durable goods accounts for a greater portion of total employment than durable goods in the region. The converse holds true for the Nation and State. Since wage rates are generally higher in durable goods industries, the regional industrial mix is a major factor in the relatively low level of average weekly earnings.
- Durable goods manufacturing accounts for about 10 percent of the local employment. Nationally, it accounts for 13 percent of total employment while 17 percent of the State's total employment is accounted for by the durable goods industry.
- Non-durable goods manufacturing accounts for 19 percent of local employment, 8.5 percent of national employment and 11 percent of Statewide employment.
- Wholesale and retail trade accounts for 17 percent of local employment 19 percent of Statewide employment and 21 percent of national employment.

CHAPTER EIGHT: DEPARTMENT STORE SALES

- The pattern of regional department store sales generally follows the national trend, but the changes are more pronounced.
- Department store sales for the Northeast Pennsylvania SMSA totaled $38,800,000 in the first quarter of 1978. By the fourth quarter sales reached a figure of $88,798,000.
- Total local department store sales registered gains that exceeded the rate of inflation, thus showing a real gain in sales.

CHAPTER NINE: BUILDING PERMITS

- "Housing authorized by building permits" is a general economic indicator. Changes in the direction of this indicator usually precede an upturn or a downturn in the economy.
- The local area posted gains in building permits issued for three of the four quarters of 1978.
- The third and fourth quarters of 1978 registered gains of 127.1 and 82.2 percent, respectively, over the same quarters of the previous year.

## INTRODUCTION

The past year was one of economic uncertainty. Some of the economic indicators showed improvement in 1978, but also some of the indicators declined. Overall, 1978 was a slightly better year for the economy of the United States than was 1977.

The national economy during 1978 showed drops in the number unemployed and the unemployment rate. Total number of workers unemployed was 6,049,000 for an unemployment rate of six percent in 1978. This rate was well above the pre-recession rate of 4.4 percent.

The national economy registered an increase in total employment during 1978. The annual employment gain for the U.S. in 1978 was about 3.9 percent.

Average weekly hours during 1978 recorded its first decline since the 1973-75 recession. Average weekly hours reached a peak of 41.1 during the fourth quarter of 1977 and then declined thru most of 1978.

Average weekly earnings of production workers in United States manufacturing industries registered an annual increase of about 10 percent during 1978.

Inflation throughout 1978 ran well above President Carter's target of five to six percent. Inflation during most of 1978 was eight to nine percent.

Real GNP over the last two and one-half years has maintained a consistent three to six percent rate of increase through the period. In terms of 1972 dollars, the annual GNP stood at $1,360.3 billion during the first quarter of 1978. GNP grew at a rate of 3.7 percent throughout 1978 to end the fourth quarter with a figure of $1,412.2 billion.

1978 was a year of economic recovery for Northeastern Pennsylvania. The regional unemployment rate was the lowest it has been in the last four years. Total employment declined slightly in the first three quarters of the year, but recovered in the fourth quarter. Average weekly hours posted a solid gain throughout most of 1978. Average weekly earnings were up even greater than average weekly hours — 10 percent. The increase in earnings in 1978 exceeded inflation which led to a real gain in earnings. A real gain was posted in department store sales, also.

The unemployment rate in Northeastern Pennsylvania during the first quarter of 1978 stood at 9.7 percent. The rate dropped to 7.4 percent in the second quarter, but it increased to 8.2 percent in the third quarter and 8.4 percent in the fourth quarter.

Employment in the seven-county area rose from 342,700 in the first quarter of 1978 to 352,800 in the second quarter to 360,500 in the third quarter. In the fourth quarter, the total employment fell slightly to 359,100.

# CHAPTER I

## UNEMPLOYMENT

### United States

The national unemployment rate for the first quarter of 1978 was 6.8 percent. This figure was one and one-half points lower than the unemployment rate for the first quarter in any of the three previous years. This trend continued throughout 1978. The second quarter 1978 unemployment rate of 5.8 percent, the third quarter rate of 5.9 percent, and the fourth quarter figure of 5.5 percent were well below the respective quarterly figures of the three previous years. Although the unemployment rate has dropped in 1978, it still has not reached the pre-recession (1974-75) rate of 4.4 percent.

### Pennsylvania

The change in the unemployment rate in the Commonwealth followed closely that of the Nation; however, the Pennsylvania rate is one-half to one and one-half points higher than the national rate. Pennsylvania's unemployment rate reached a peak of 9.6 percent in the first quarter of 1976. This was one of the highest rates in recent Pennsylvania history. In the next four quarters, the rate dropped off somewhat, but still remained high. In the ensuing quarters, the rate dropped further to a figure of 6.5 percent in the fourth quarter of 1978. This figure is not even close to the pre-recession figure of 3.8 percent recorded in the fourth quarter of 1973.

### Northeastern Pennsylvania

Although the long range trend in the Region's unemployment rate has been similar to those of the Nation and the State, the peaks have been more pronounced. During the first quarter of 1975, the unemployment rate for the seven county northeastern corner of Pennsylvania averaged 13.0 percent. This was the highest rate reached since the first quarter of 1961 when the rate was 15.2 percent.

The last time the regional unemployment rate was below those of the nation and the State was the third quarter of 1973. The regional rate was 4.2 percent compared with 4.8 percent and 6.8 percent nationally and statewide respectively.

Regionally, 1978 was a better year than any of the previous three years. The 9.7 percent unemployment rate for the first quarter of 1978 was considerably below the first quarter figures for the prior three years of 13.0 percent, 12.0 percent and 10.3 percent. The same was true of the second, third, and fourth quarter figures for 1978. They were much below the unemployment rate figures of the 1975 to 1977 period.

## CHART 1: RATE OF UNEMPLOYMENT

### UNITED STATES RATE OF UNEMPLOYMENT
(Seasonally Adjusted)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 4.2 | 4.8 | 5.2 | 5.9 |
| 1971 | 6.3 | 5.8 | 6.0 | 5.3 |
| 1972 | 5.3 | 5.6 | 5.6 | 4.9 |
| 1973 | 5.4 | 4.8 | 4.8 | 4.4 |
| 1974 | 5.2 | 5.1 | 5.5 | 5.6 |
| 1975 | 8.4 | 8.9 | 8.4 | 8.4 |
| 1976 | 8.4 | 7.3 | 7.6 | 7.3 |
| 1977 | 8.2 | 6.9 | 6.8 | 6.2 |
| 1978 | 6.8 | 5.8 | 5.9 | 5.5 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

### PENNSYLVANIA RATE OF UNEMPLOYMENT
(Seasonally Unadjusted)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 3.7 | 3.9 | 4.1 | 4.4 |
| 1971 | 5.4 | 5.1 | 5.2 | 5.1 |
| 1972 | 5.9 | 5.5 | 5.5 | 4.4 |
| 1973 | 4.7 | 4.3 | 4.8 | 3.8 |
| 1974 | 5.8 | 4.7 | 4.7 | 5.3 |
| 1975 | 8.8 | 9.2 | 9.1 | 8.7 |
| 1976 | 9 6 | 7.8 | 7.6 | 7.8 |
| 1977 | 8.7 | 6.6 | 6.3 | 6.2 |
| 1978 | 7.8 | 6.4 | 6.7 | 6.3 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

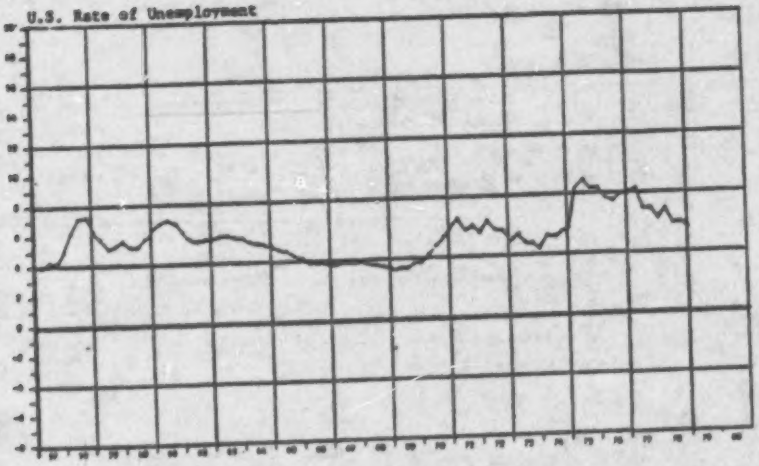
### NORTHEASTERN PENNSYLVANIA RATE OF UNEMPLOYMENT
(Seasonally Unadjusted)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 5.2 | 4.7 | 4.6 | 5.2 |
| 1971 | 7.1 | 6.2 | 5.2 | 6.0 |
| 1972 | 7.1 | 6.4 | 9.1 | 5.4 |
| 1973 | 6.1 | 4.6 | 4.2 | 5.1 |
| 1974 | 7.1 | 6.3 | 6.1 | 8.4 |
| 1975 | 13.0 | 10.4 | 9.0 | 9.4 |
| 1976 | 12.0 | 9.4 | 9.5 | 10.0 |
| 1977 | 10.3 | 7.5 | 7.3 | 7.3 |
| 1978 | 9.7 | 7.4 | 8.2 | 8.4 |

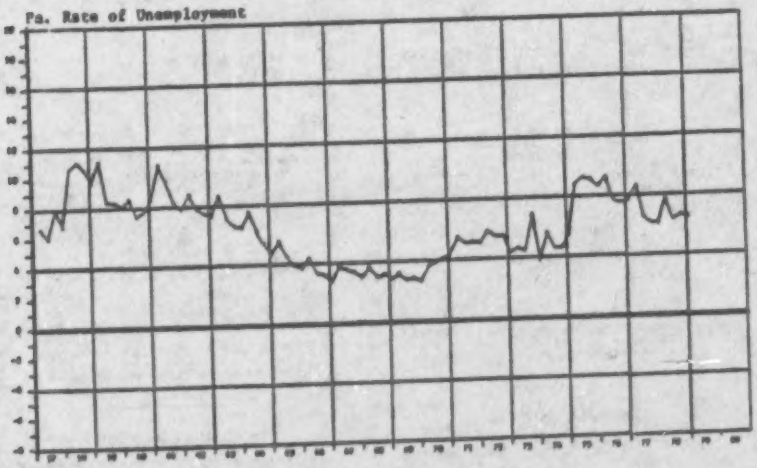
Sources: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART 1 (Cont'd.)

U.S. Rate of Unemployment



Pa. Rate of Unemployment



N.E. Pa. Rate of Unemployment

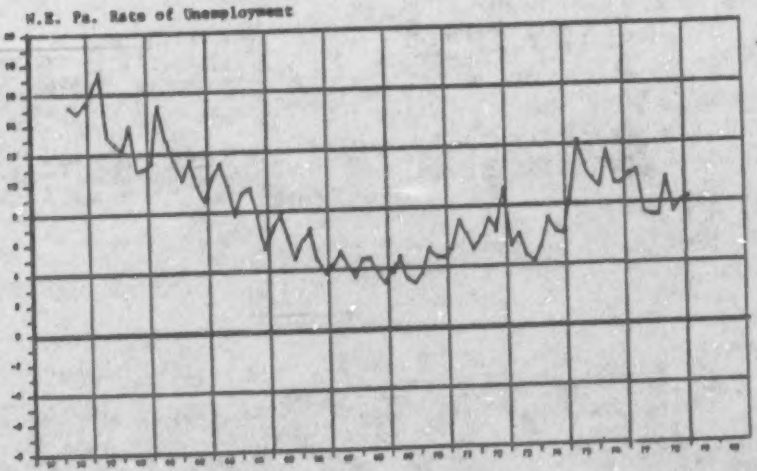


TABLE 1

NORTHEASTERN PENNSYLVANIA RATE OF UNEMPLOYMENT BY COUNTY
(seasonally unadjusted)

| | CARBON | | | | LACKAWANNA | | | | LUZERNE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 4.2 | 4.8 | 5.3 | 6.2 | 5.4 | 5.5 | 5.0 | 5.5 | 5.3 | 4.7 | 5.0 | 5.2 |
| 1971 | 8.4 | 5.7 | 9.2 | 7.4 | 7.6 | 7.0 | 4.9 | 5.8 | 6.6 | 6.5 | 5.6 | 6.3 |
| 1972 | 8.8 | 6.6 | 4.5 | 4.2 | 6.9 | 6.3 | 5.1 | 4.3 | 7.1 | 6.6 | 5.1 | 6.2 |
| 1973 | 5.3 | 4.0 | 3.8 | 5.2 | 6.6 | 5.0 | 4.4 | 5.2 | 5.4 | 4.4 | 4.3 | 5.0 |
| 1974 | 5.7 | 5.0 | 3.8 | 6.8 | 7.8 | 7.2 | 6.9 | 8.4 | 6.9 | 6.2 | 6.7 | 8.8 |
| 1975 | 11.2 | 8.4 | 9.1 | 9.0 | 13.5 | 11.1 | 11.4 | 11.0 | 13.6 | 10.5 | 9.3 | 9.2 |
| 1976 | 10.7 | 9.0 | 9.3 | 9.2 | 11.3 | 9.6 | 9.7 | 9.6 | 11.9 | 9.7 | 10.5 | 10.6 |
| 1977 | 7.8 | 5.9 | 5.5 | 5.4 | 10.0 | 7.5 | 7.5 | 7.3 | 10.7 | 8.1 | 7.9 | 7.3 |
| 1978 | 7.4 | 5.5 | 6.9 | 6.2 | 9.0 | 7.4 | 8.5 | 8.1 | 9.8 | 7.7 | 9.0 | 9.0 |

| | MONROE | | | | PIKE/WAYNE | | | | SCHUYLKILL | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 2.6 | 1.7 | 1.5 | 2.6 | 6.8 | 4.0 | 2.4 | 4.9 | 5.4 | 4.6 | 4.6 | 5.7 |
| 1971 | 4.8 | 4.4 | 2.8 | 4.0 | 7.6 | 5.0 | 2.9 | 5.2 | 7.6 | 5.4 | 5.1 | 6.6 |
| 1972 | 4.4 | 3.4 | 2.7 | 3.1 | 7.1 | 5.6 | 3.1 | 5.0 | 8.0 | 7.4 | 6.7 | 7.2 |
| 1973 | 3.8 | 3.2 | 2.0 | 2.7 | 7.3 | 4.9 | 2.5 | 5.4 | 7.8 | 5.6 | 5.2 | 6.2 |
| 1974 | 4.0 | 4.1 | 2.7 | 5.6 | 7.4 | 5.1 | 2.7 | 6.4 | 8.1 | 6.8 | 6.6 | 9.0 |
| 1975 | 9.2 | 7.3 | 7.5 | 8.2 | 12.6 | 8.9 | 4.6 | 9.1 | 13.0 | 11.6 | 7.1 | 10.0 |
| 1976 | 12.7 | 9.2 | 8.2 | 9.6 | 13.1 | 8.1 | 5.6 | 9.1 | 10.7 | 9.2 | 8.7 | 9.4 |
| 1977 | 11.6 | 8.0 | 6.8 | 7.6 | 11.8 | 6.5 | 4.8 | 7.7 | 10.0 | 6.9 | 7.6 | 7.7 |
| 1978 | 10.5 | 8.2 | 7.9 | 8.8 | 11.7 | 7.1 | 6.3 | 8.2 | 10.5 | 7.2 | 7.7 | 8.1 |

SOURCE: Up to and including 1974 data; Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data; Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

# CHAPTER II

# EMPLOYMENT

## United States

National employment during the first quarter of 1978 totaled 91,401,000; up four and one-half percent from the same quarter of 1977. This was the largest increase in first quarter employment in the last ten years. This trend of larger gains in employment carried over into the second quarter of 1978. Employment in the second quarter of 1978 was 94,294,000, a gain of 4.4 percent from the same quarter of the previous year. The third quarter employment figure was 95,786,300 which was a 4.1 percent increase from the third quarter 1977 employment figure. The fourth quarter employment figure was 96,010,000; up 3.9 percent from previous year. Although each quarterly rate of increase in the last 12 months has been over 3.9 percent, the rate of increase has been declining from 4.5 in the first quarter, to 4.4 in the second quarter, to 4.1 in the third quarter, to 3.9 in the fourth quarter of 1978.

## Pennsylvania

Total employment in the Commonwealth for the fourth quarter of 1978 was the highest in Commonwealth history. The third quarter figure was very high — fourth highest in Commonwealth history. Employment in the first quarter of 1978 was 4,759,300, up 3.1 percent from the first quarter of 1977. The trend continued throughout the year. The fourth quarter employment was 4,997,700, a 4.1 percent increase from the fourth quarter of 1977.

## Northeastern Pennsylvania

Total employment in the seven-county region fared poorly during 1978. All of the first three quarters of 1978 showed a decline in the total Northeastern Pennsylvania employment. The first quarter employment for 1978 was 342,700; this was .3 percent down from the 343,800 employment figure for the previous year. The 1978 second quarter employment figure was 352,800 down from 357,800 of the previous year. The third quarter 1978 figure was 360,500, a drop of 3,000 from the third quarter of 1977. The fourth quarter showed a reversal of this trend by registering a 1.6 percent gain in employment over the fourth quarter of the previous year.

CHART II: TOTAL EMPLOYMENT

UNITED STATES

| Quarter Year | Total Employment (in thousands) I | II | III | IV | Percentage Increase from Same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| 1970 | 78897.7 | 78993.3 | 78520.8 | 78548.0 | 2.0 | 1.3 | .5 | 0.0 |
| 1971 | 78625.3 | 78700.7 | 79196.3 | 79983.3 | - .3 | .1 | .9 | 1.8 |
| 1972 | 80833.3 | 81450.3 | 82033.0 | 82547.3 | 2.8 | 3.5 | 3.6 | 3.2 |
| 1973 | 83190.3 | 84203.0 | 84621.7 | 85671.0 | 2.9 | 3.4 | 3.2 | 3.8 |
| 1974 | 85825.7 | 85970.3 | 86100.3 | 85731.7 | 3.2 | 2.1 | 2.0 | .1 |
| 1975 | 84146.0 | 84110.7 | 83282.7 | 83433.3 | -2.0 | -1.9 | -1.2 | - .3 |
| 1976 | 86402.0 | 87532.0 | 87803.7 | 88577.7 | 2.7 | 3.8 | 3.0 | 3.7 |
| 1977 | 87434.0 | 90327.0 | 91978.7 | 92442.0 | 1.2 | 3.2 | 4.8 | 4.3 |
| 1978 | 91401.0 | 94234.3 | 95786.3 | 96010.0 | 4.5 | 4.4 | 4.1 | 3.9 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

PENNSYLVANIA

| Quarter Year | Total Employment (in thousands) I | II | III | IV | Percent Increase from Same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| 1970 | 4775.6 | 4861.1 | 4861.5 | 4810.7 | .8 | - .3 | -1.1 | -1.6 |
| 1971 | 4698.3 | 4782.9 | 4787.8 | 4777.8 | -1.6 | -1.6 | -1.5 | - .7 |
| 1972 | 4733.6 | 4853.7 | 4878.1 | 4905.8 | .8 | 1.5 | 1.9 | 2.7 |
| 1973 | 4827.1 | 4964.6 | 4977.7 | 4993.2 | 2.0 | 2.3 | 2.0 | 1.8 |
| 1974 | 4731.1 | 4845.6 | 4826.7 | 4786.6 | -2.0 | -2.4 | -3.0 | -4.1 |
| 1975 | 4600.0 | 4669.1 | 4668.4 | 4679.8 | -2.8 | -3.6 | -3.3 | -2.2 |
| 1976 | 4570.3 | 4680.8 | 4677.6 | 4641.0 | - .6 | .3 | .2 | - .8 |
| 1977 | 4615.2 | 4769.5 | 4780.6 | 4802.7 | 1.0 | 1.9 | 2.2 | 3.4 |
| 1978 | 4739.3 | 4889.3 | 4947.0 | 4997.7 | 3.1 | 2.5 | 3.5 | 4.1 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

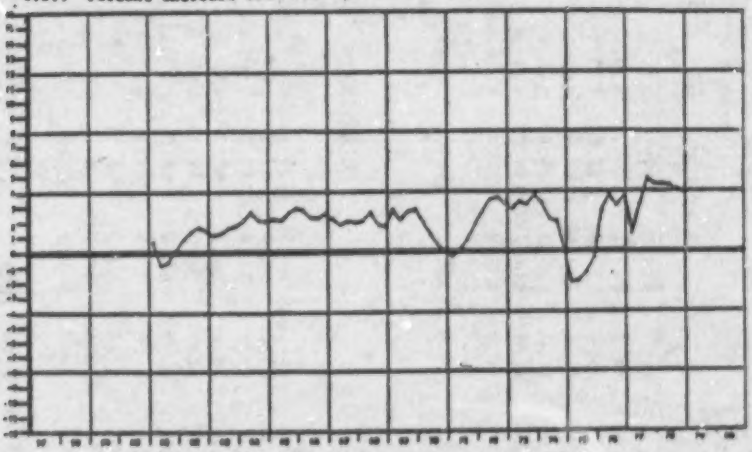
NORTHEASTERN PENNSYLVANIA

| Quarter Year | Total Employment (in thousands) I | II | III | IV | Percent Increase from Same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| 1970 | 333.7 | 341.4 | 346.5 | 339.5 | .8 | - .6 | -2.1 | -1.1 |
| 1971 | 329.0 | 340.4 | 348.2 | 341.6 | -1.4 | - .3 | .5 | .6 |
| 1972 | 337.7 | 349.0 | 351.4 | 348.5 | 2.6 | 2.5 | .9 | 2.0 |
| 1973 | 343.0 | 358.2 | 369.5 | 359.8 | 1.6 | 2.6 | 5.2 | 3.2 |
| 1974 | 358.2 | 372.4 | 378.7 | 356.5 | 4.4 | 4.0 | 1.9 | - .9 |
| 1975 | 336.9 | 332.6 | 336.3 | 330.7 | -5.9 | -6.3 | -5.4 | -4.6 |
| 1976 | 336.9 | 349.2 | 353.2 | 340.7 | .0 | .1 | - .4 | -2.9 |
| 1977 | 343.8 | 357.8 | 363.5 | 353.3 | 2.0 | 2.3 | 2.3 | 3.7 |
| 1978 | 342.7 | 352.8 | 360.3 | 339.1 | - .3 | -1.4 | - .8 | 1.6 |

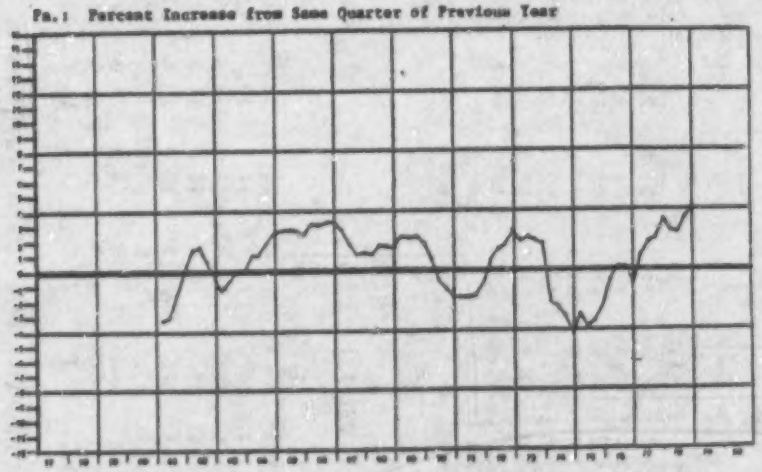
Sources: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART II (Cont'd.)

U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year

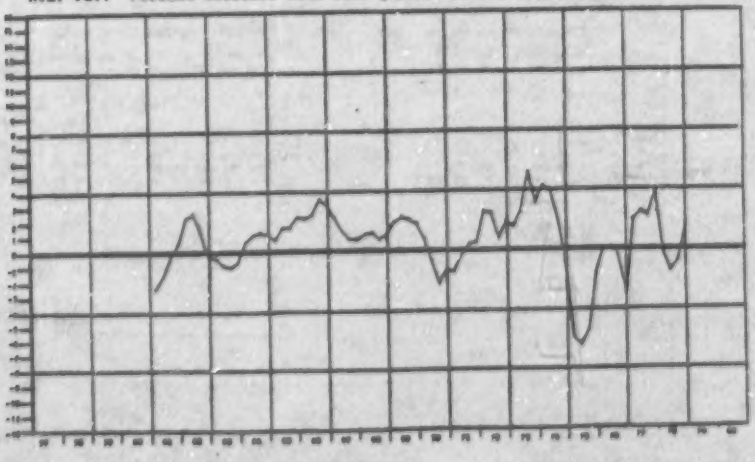


TABLE 2

NORTHEASTERN PENNSYLVANIA EMPLOYMENT BY COUNTY
(in thousands)

| | CARBON | | | | LACKAWANNA | | | | LUZERNE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 15.9 | 16.1 | 16.0 | 15.8 | 93.9 | 94.8 | 95.3 | 95.0 | 133.4 | 136.5 | 135.0 | 136.2 |
| 1971 | 15.1 | 15.5 | 15.8 | 15.7 | 91.8 | 93.8 | 95.9 | 96.2 | 132.3 | 136.7 | 136.6 | 136.0 |
| 1972 | 15.5 | 16.2 | 16.8 | 16.1 | 94.3 | 96.2 | 98.0 | 96.7 | 134.4 | 138.6 | 133.2 | 138.4 |
| 1973 | 16.1 | 17.0 | 17.8 | 17.6 | 93.0 | 96.3 | 96.3 | 95.4 | 137.4 | 143.4 | 146.4 | 144.6 |
| 1974 | 17.2 | 17.6 | 17.7 | 17.4 | 92.7 | 95.3 | 93.9 | 92.0 | 140.2 | 149.4 | 146.6 | 142.8 |
| 1975 | 16.7 | 17.0 | 17.0 | 17.0 | 86.3 | 90.2 | 92.0 | 91.8 | 134.7 | 139.8 | 141.1 | 139.6 |
| 1976 | 21.6 | 22.0 | 22.1 | 22.0 | 87.9 | 90.8 | 91.6 | 90.6 | 130.9 | 135.1 | 136.3 | 134.3 |
| 1977 | 23.5 | 24.1 | 24.0 | 23.9 | 90.0 | 93.5 | 94.2 | 92.9 | 132.3 | 137.4 | 138.4 | 136.3 |
| 1978 | 23.7 | 24.1 | 24.3 | 24.4 | 89.7 | 91.7 | 92.6 | 94.0 | 131.1 | 134.0 | 135.3 | 137.3 |

| | MONROE | | | | PIKE/WAYNE | | | | SCHUYLKILL | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 22.1 | 22.8 | 25.3 | 22.4 | 12.3 | 13.6 | 16.2 | 12.6 | 56.1 | 57.7 | 58.7 | 57.4 |
| 1971 | 21.8 | 23.2 | 24.6 | 22.9 | 12.1 | 13.5 | 17.0 | 12.9 | 55.9 | 57.8 | 58.3 | 57.9 |
| 1972 | 24.0 | 25.4 | 28.4 | 25.4 | 13.0 | 14.3 | 19.0 | 14.4 | 56.5 | 58.2 | 60.0 | 57.4 |
| 1973 | 25.5 | 26.4 | 29.1 | 28.6 | 14.0 | 15.7 | 19.6 | 14.9 | 57.0 | 59.4 | 60.3 | 58.8 |
| 1974 | 23.5 | 23.3 | 27.1 | 24.3 | 18.0 | 20.4 | 25.9 | 18.0 | 66.6 | 66.5 | 65.5 | 62.0 |
| 1975 | 24.0 | 23.4 | 25.2 | 23.8 | 16.8 | 18.7 | 25.1 | 17.6 | 58.4 | 59.9 | 61.6 | 60.6 |
| 1976 | 19.8 | 20.4 | 20.5 | 20.7 | 16.2 | 18.6 | 22.9 | 17.1 | 60.5 | 62.4 | 61.9 | 59.1 |
| 1977 | 21.2 | 21.5 | 21.1 | 21.9 | 16.5 | 18.8 | 22.6 | 18.1 | 60.5 | 62.1 | 62.2 | 60.2 |
| 1978 | 21.4 | 21.7 | 22.0 | 23.7 | 17.4 | 19.7 | 23.7 | 19.0 | 59.5 | 61.6 | 62.5 | 62.1 |

SOURCE: Up to and including 1974 data; Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data; Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

## CHAPTER III

## AVERAGE WEEKLY HOURS

### United States

During the first quarter of 1978, gross weekly hours per U.S. worker on payrolls of manufacturing establishments were 39.7, down 1.5 percent from the first quarter of 1977. This was the first downturn in average weekly hours since the 1974-75 recession, when there were eight consecutive quarters of decline. This first quarter decline was followed by two quarters of minute growth. The second quarter average weekly hours figure of 40.5 in 1978 was a slight increase over the 40.4 figure registered in the same quarter of the previous year. The third quarter of 1978 registered a similar gain.

Average weekly hours reached a peak of 41.1 during the fourth quarter of 1977. This was the highest figure for average weekly hours since the fourth quarter of 1966. This peak did not last long with the first quarter, 1978 figure quickly dropping to 39.7.

### Pennsylvania

Pennsylvania's average weekly hours hit a peak of 40.9 during the fourth quarter of 1978. This was the highest figure since the fourth quarter of 1966. Pennsylvania's average weekly hours has shown steady growth from the first quarter of 1977 through the third quarter of 1978.

Prior to the 1974-75 recession, average weekly hours had reached a peak of 40.3. Average weekly hours then dropped when the recession hit and remained low for a period of three years. Average weekly hours did not make a substantial recovery until the middle of 1977.

### Northeastern Pennsylvania

Average weekly hours is not computed for the regional counties of Carbon, Pike, Schuylkill and Wayne. Beginning with the second quarter of 1973, average hourly data have been released for the Northeast Pennsylvania Standard Metropolitan Statistical Area (Lackawanna, Luzerne, and Monroe Counties). Data have been available for Lackawanna and Luzerne Counties for a longer period of time.

Average weekly hours worked in Northeastern Pennsylvania has traditionally been below that of the United States and Pennsylvania. During the first quarter of 1978, average weekly hours in Northeastern Pennsylvania was 36.0 compared wtih 39.7 in the United States and 39.2 for Pennsylvania. For Northeastern Pennsylvania, this was an increase of .6 percent from the previous year. The final three quarters of 1978 registered strong gains from the same quarters of the previous year. Each of the quarters registered gains of 3.6 percent over this time period.

## CHART III: AVERAGE WEEKLY HOURS

### UNITED STATES

| | Average Weekly Hours Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 39.9 | 39.8 | 39.8 | 39.7 | -1.2 | -2.2 | -2.2 | - .3 |
| 1971 | 39.6 | 39.9 | 39.8 | 40.3 | - .8 | .2 | .0 | 1.5 |
| 1972 | 40.1 | 40.6 | 40.6 | 41.0 | 1.3 | 1.8 | 2.0 | 1.7 |
| 1973 | 40.3 | 40.8 | 40.7 | 40.9 | 1.0 | .5 | .2 | - .2 |
| 1974 | 40.1 | 39.9 | 40.1 | 39.9 | -1.0 | -2.2 | -1.5 | -2.4 |
| 1975 | 38.6 | 39.1 | 39.7 | 40.3 | -3.7 | -2.0 | -1.0 | 1.0 |
| 1976 | 39.9 | 39.9 | 40.0 | 40.2 | 3.4 | 2.0 | .8 | .0 |
| 1977 | 40.3 | 40.4 | 40.2 | 41.1 | 1.0 | 1.3 | .5 | 2.0 |
| 1978 | 39.7 | 40.3 | 40.4 | 40.9 | -1.5 | .5 | .3 | - .5 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

### PENNSYLVANIA

| | Average Weekly Hours Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 39.5 | 39.3 | 39.0 | 39.0 | -1.2 | -2.2 | -2.7 | -2.5 |
| 1971 | 39.1 | 39.3 | 39.1 | 39.3 | -1.0 | .0 | .3 | .8 |
| 1972 | 39.3 | 39.7 | 40.0 | 40.2 | .5 | 1.0 | 2.3 | 2.3 |
| 1973 | 40.2 | 40.1 | 40.1 | 40.3 | 2.3 | 1.0 | .2 | .2 |
| 1974 | 39.4 | 39.3 | 39.7 | 39.1 | -2.0 | -2.0 | -1.0 | -3.0 |
| 1975 | 38.2 | 38.1 | 38.7 | 39.1 | -3.0 | -3.0 | -2.5 | .0 |
| 1976 | 38.8 | 38.9 | 39.2 | 39.3 | 1.6 | 2.1 | 1.3 | .5 |
| 1977 | 38.8 | 39.6 | 39.8 | 40.1 | .0 | 1.8 | 1.5 | 2.0 |
| 1978 | 39.2 | 40.1 | 40.3 | 40.9 | 1.0 | 1.3 | 1.3 | 2.0 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

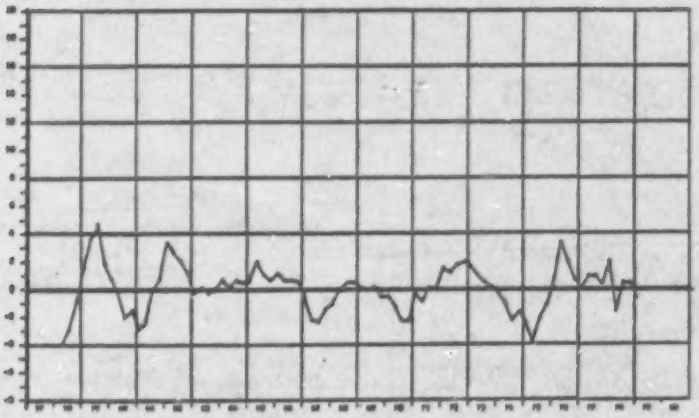
### NORTHEAST PENNSYLVANIA S.M.S.A.

| | Average Weekly Hours Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | — | — | — | — | — | — | — | — |
| 1971 | — | — | — | — | — | — | — | — |
| 1972 | — | — | — | — | — | — | — | — |
| 1973 | — | 37.3 | 37.6 | 36.7 | — | — | — | — |
| 1974 | 38.2 | 36.0 | 36.9 | 36.2 | — | -3.5 | -1.9 | -1.4 |
| 1975 | 35.1 | 35.5 | 36.3 | 36.7 | -3.0 | -1.4 | -1.6 | 1.4 |
| 1976 | 36.1 | 35.6 | 35.9 | 35.4 | 2.8 | .3 | -1.1 | -3.5 |
| 1977 | 35.8 | 36.0 | 36.5 | 36.1 | - .8 | 1.1 | 1.7 | 2.0 |
| 1978 | 36.0 | 37.3 | 37.8 | 37.4 | .6 | 3.6 | 3.6 | 3.6 |

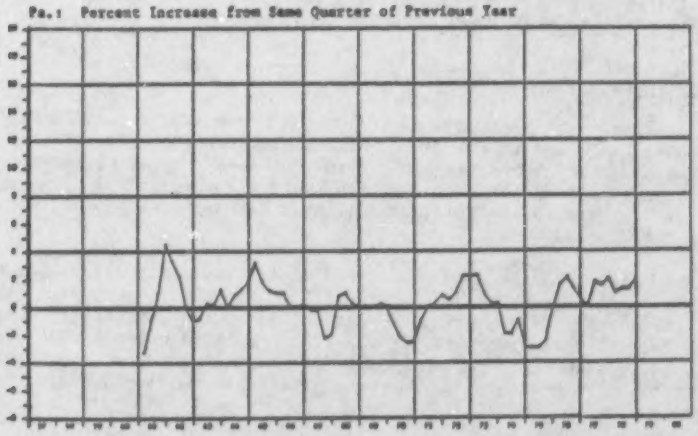
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART III (Cont'd.)

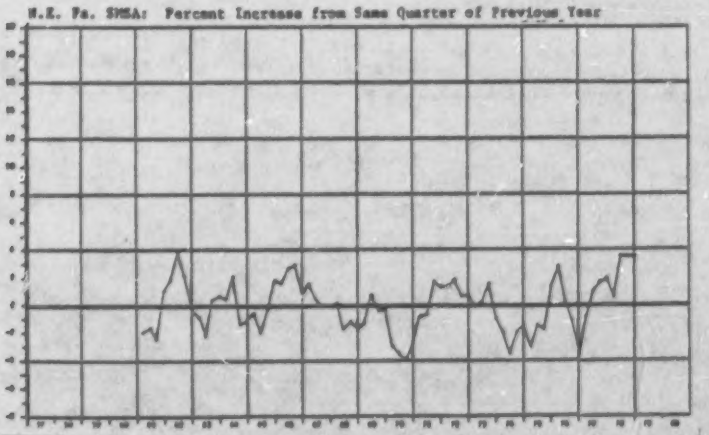
U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa. SMSA: Percent Increase from Same Quarter of Previous Year



## CHAPTER IV

## AVERAGE WEEKLY EARNINGS

Because of the higher wages paid for overtime, increases and decreases in average weekly hours is reflected by increases and decreases in average weekly earnings.

### United States

Average weekly earnings of production workers in United States manufacturing industries over the last three years has registered annual increases of approximately 9½ percent. The year 1978 did not vary greatly from this trend. First quarter average weekly earnings were $235.96 or a 8.9 percent increase from the first quarter of 1977 to first quarter of 1978.

The second and third quarters saw average weekly earnings of $246.04 and $251.04 for percent increases of 9.8 and 9.9 percent respectively from the same quarters of the previous year. The fourth quarter showed the largest ever quarterly gain in average weekly earnings — 12.1 percent. The fourth quarter average weekly earnings were $265.95.

### Pennsylvania

Average weekly earnings of production workers in manufacturing industries in Pennsylvania and in the United States was approximately the same during the first quarter of 1976. Since that time, however, the Pennsylvania average weekly earnings has far outgained the average U.S. earnings. Average weekly earnings for the fourth quarter of 1978 in Pennsylvania were $270.24 - $4.29 above the U.S. amount.

Pennsylvania's average weekly earnings registered large gains throughout 1978. The first quarter of 1978 registered an 11.2 percent gain from the same quarter of the previous year. This is the largest percentage gain since records have been kept. The second and third quarters followed with gains of 10.0 and 10.3 percent. The fourth quarter topped the first quarter in growth by recording a 11.9 percent gain from the fourth quarter of 1977.

### Northeastern Pennsylvania

As was the case with average weekly hours, data on weekly earnings are available for Lackawanna and Luzerne Counties, and for a shorter time period, the three-county Northeastern Pennsylvania SMSA.

Average weekly earnings in Northeastern Pennsylvania has traditionally been below that of the United States and Pennsylvania. Average weekly earnings for the Northeast Pennsylvania SMSA has shown large gains in the last two years. The second and third quarters of 1977 showed annual gains of over 13 percent for the Northeast Pennsylvania SMSA.

Average weekly earnings for the Northeast Pennsylvania SMSA has grown $36.91 in the last two years. Average weekly earnings stood at $192.24 in the fourth quarter of 1978.

## CHART IV: AVERAGE WEEKLY EARNINGS

### UNITED STATES

| Quarter / Year | Average Weekly Earnings Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | I | II | III | IV |
| 1970 | 131.45 | 133.05 | 134.67 | 135.48 | 4.4 | 3.3 | 3.2 | 1.7 |
| 1971 | 138.88 | 141.78 | 142.35 | 146.17 | 5.3 | 6.6 | 5.7 | 7.9 |
| 1972 | 149.03 | 153.46 | 153.82 | 159.91 | 7.3 | 8.2 | 8.1 | 9.4 |
| 1973 | 160.92 | 164.02 | 166.06 | 170.69 | 8.0 | 6.9 | 8.0 | 6.7 |
| 1974 | 169.33 | 172.34 | 179.13 | 183.67 | 5.2 | 5.1 | 7.9 | 7.6 |
| 1975 | 181.15 | 186.02 | 192.16 | 198.93 | 7.0 | 7.8 | 7.3 | 8.3 |
| 1976 | 201.40 | 204.22 | 209.78 | 215.48 | 11.2 | 9.8 | 9.2 | 8.3 |
| 1977 | 216.63 | 224.43 | 228.40 | 237.22 | 7.6 | 9.9 | 8.9 | 10.1 |
| 1978 | 235.96 | 246.04 | 251.04 | 263.95 | 8.9 | 9.6 | 9.9 | 12.1 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

### PENNSYLVANIA

| Quarter / Year | Average Weekly Earnings Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | I | II | III | IV |
| 1970 | 129.56 | 131.11 | 132.71 | 133.40 | 4.4 | 3.2 | 3.3 | 1.2 |
| 1971 | 136.85 | 140.29 | 141.03 | 144.64 | 5.6 | 7.0 | 6.3 | 8.4 |
| 1972 | 148.43 | 153.19 | 156.17 | 160.41 | 8.3 | 8.5 | 10.8 | 10.9 |
| 1973 | 163.08 | 164.81 | 168.82 | 174.64 | 9.9 | 8.3 | 8.0 | 8.9 |
| 1974 | 173.15 | 177.00 | 183.61 | 186.27 | 6.1 | 7.4 | 8.9 | 6.7 |
| 1975 | 183.24 | 187.21 | 193.48 | 199.31 | 7.0 | 5.8 | 5.3 | 7.1 |
| 1976 | 201.58 | 206.18 | 213.11 | 218.20 | 8.8 | 10.1 | 10.1 | 9.4 |
| 1977 | 217.05 | 228.10 | 234.38 | 241.47 | 7.7 | 10.6 | 10.0 | 10.7 |
| 1978 | 242.13 | 250.97 | 258.60 | 270.24 | 11.2 | 10.0 | 10.3 | 11.9 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

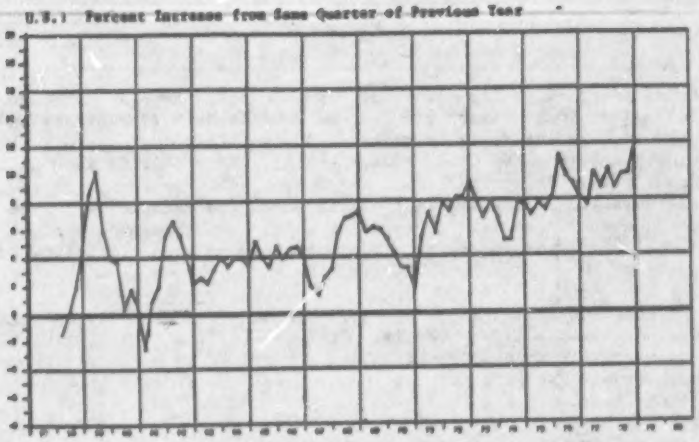
### NORTHEAST PENNSYLVANIA S.M.S.A.

| Quarter / Year | Average Weekly Earnings Per Worker on Payrolls of Manufacturing Establishments | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | I | II | III | IV |
| 1970 | — | — | — | — | — | — | — | — |
| 1971 | — | — | — | — | — | — | — | — |
| 1972 | — | — | — | — | — | — | — | — |
| 1973 | — | 125.45 | 127.95 | 129.79 | — | — | — | — |
| 1974 | 128.87 | 130.59 | 135.79 | 137.56 | — | 4.1 | 6.1 | 6.0 |
| 1975 | 135.47 | 138.56 | 142.54 | 146.31 | 5.1 | 6.1 | 5.0 | 6.4 |
| 1976 | 143.98 | 145.97 | 150.54 | 155.33 | 7.8 | 5.3 | 5.6 | 6.2 |
| 1977 | 162.08 | 165.53 | 170.30 | 172.21 | 11.0 | 13.4 | 13.3 | 10.9 |
| 1978 | 173.71 | 182.69 | 187.57 | 192.24 | 7.2 | 10.4 | 10.0 | 11.0 |

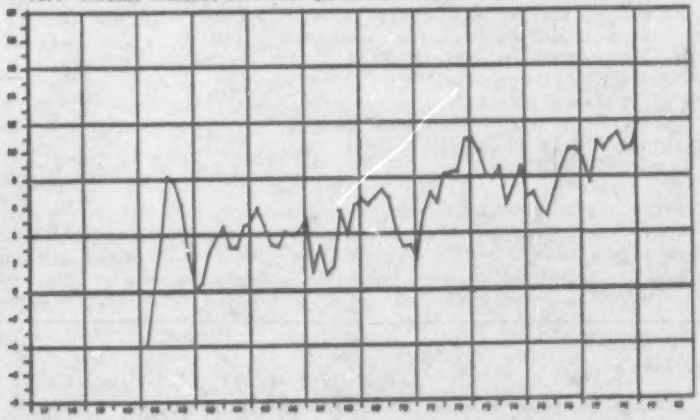
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART IV (Cont'd.)

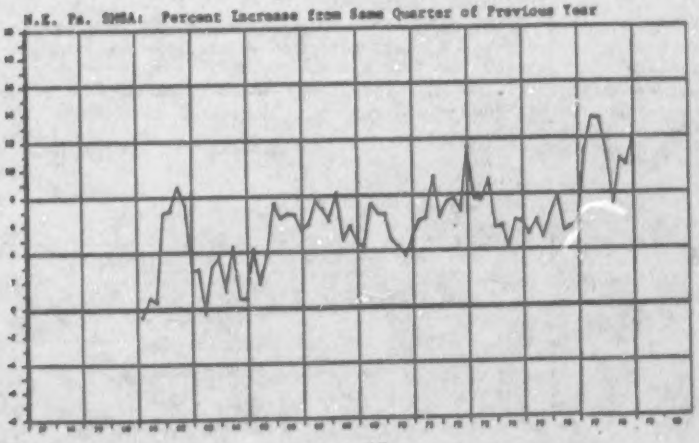
U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa. SMSA: Percent Increase from Same Quarter of Previous Year



CHAPTER V

# PRICES

During the 1960's, the view that wage and price levels, although quite inflexible in the short run, showed considerable flexibility in the longer run, became formally embodied in the "Phillips Curve." This idea held that wage rates would remain essentially stable as long as the economy was at "practical" full employment. But wages and prices would sag downward at a speed that increased as the unemployment rate climbed above four percent. Conversely, wages and prices would rise at a speed that increased the further the unemployment rate fell below four percent.

Then the late 1960's and early 1970's made a shambles of the Phillips Curve nationally as well as locally. In 1973, 1974, and 1975, inflation proceeded virtually independent of sharp variations in aggregate demand. High unemployment not only did not reduce wages and prices; it did not even materially slow their increase.

Increases in prices are measured by the rate of increase in the Consumer Price Index. The Consumer Price Index (CPI) measures average changes in prices of goods and services usually bought by urban wage earners and clerical workers. It is based on prices of about 400 items which are selected to represent the movement of prices of all goods and services purchased by wage earners and clerical workers. Prices for these items are obtained in the urban portion of 39 major statistical areas and 17 smaller cities, which are chosen to represent all urban places in the United States. The Northeast Pennsylvania SMSA is included in the sample.

The index measures price changes from a designated reference date — 1967, which equals 100. An increase of 22 percent, for example, is shown as 122. This rate of increase also can be considered the rate of inflation between the two periods. The annual rate of inflation between consecutive quarters is found by multiplying the percentage increase in the CPI between quarters by four.

## United States

Inflation has been labeled by President Carter as this country's number one economic problem. Inflation throughout 1978 ran well above his targeted 5 to 6 percent rate. Inflation was at its worst during the second quarter of 1978 recording a 10.4 percent quarterly rate of increase adjusted to an annual rate. Slight improvement was recorded in the third quarter with the rate dropping to 8 percent. The improvement was short lived with inflation shooting up to 9 percent in the fourth quarter.

Northeastern Pennsylvania

Beginning in January, 1978, the local Consumer Price Index has undergone a revision. Prior to January, 1978, the Consumer Price Index was done only for urban wage earners and clerical workers in Lackawanna County. Since that time, the old index was dropped and two new indices were added. One of the new indices measures the change in prices for urban wage earners and clerical workers in the three-county Northeast Pennsylvania SMSA (Lackawanna, Luzerne, and Monroe Counties). The other new index measures the change in prices for all urban consumers in the three-county Northeast Pennsylvania SMSA.

The movement of the local inflation rate has been paralleling the national rate. From 1974 to 1978, the local inflation rate has maintained a position that has been below the Nation's rate. Throughout 1978, local inflation was at/or above 7 percent in each quarter. The year 1978 began with an inflation rate of 7.0 percent. The inflation rate rose to 8.6 percent in the second quarter before it dropped slightly to 7.3 percent in the third quarter. The year ended with an inflation rate of 7.8 percent.

## CHART V: CONSUMER PRICE INDEX

### UNITED STATES CITY AVERAGE

| | Consumer Price Index for Urban Wage Earners and Clerical Workers | | | | Quarterly Rate of Increase Adjusted to Annual Rate | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 113.9 | 115.7 | 117.0 | 118.6 | 5.9 | 6.4 | 4.5 | 5.2 |
| 1971 | 119.3 | 120.8 | 122.0 | 122.7 | 3.0 | 4.6 | 4.0 | 2.2 |
| 1972 | 123.7 | 124.7 | 125.8 | 126.9 | 3.2 | 3.2 | 3.6 | 3.6 |
| 1973 | 128.7 | 131.5 | 134.4 | 137.6 | 5.6 | 8.8 | 8.8 | 9.3 |
| 1974 | 141.4 | 145.6 | 149.9 | 154.2 | 11.2 | 11.7 | 11.8 | 11.7 |
| 1975 | 157.0 | 159.5 | 162.9 | 165.5 | 7.5 | 6.3 | 8.5 | 6.4 |
| 1976 | 167.1 | 169.2 | 171.9 | 173.8 | 3.9 | 5.0 | 6.4 | 4.4 |
| 1977 | 176.9 | 180.7 | 183.3 | 185.3 | 7.1 | 8.6 | 5.8 | 4.4 |
| 1978 | 188.5* | 193.6* | 197.9* | 202.9* | 8.9 | 10.4 | 9.0 | 8.1 |

Source: Consumer Price Index, United States Department of Labor, Bureau of Labor Statistics.

### SCRANTON

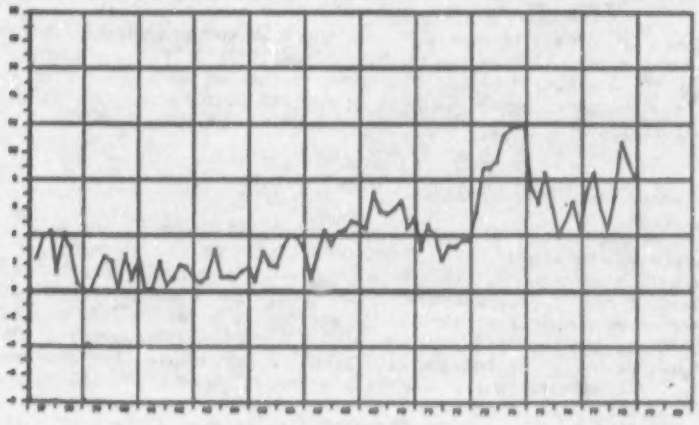
| | Consumer Price Index for Urban Wage Earners and Clerical Workers | | | | Quarterly Rate of Increase Adjusted to Annual Rate | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 113.9 | 116.0 | 116.9 | 118.4 | 7.5 | 7.4 | 3.1 | 5.1 |
| 1971 | 118.9 | 120.8 | 123.2 | 122.6 | 1.7 | 6.4 | 7.9 | - 1.9 |
| 1972 | 123.6 | 125.1 | 126.8 | 127.9 | 3.3 | 4.8 | 5.4 | 3.5 |
| 1973 | 130.0 | 132.7 | 136.3 | 139.7 | 6.6 | 8.3 | 10.8 | 10.0 |
| 1974 | 143.5 | 148.1 | 153.9 | 159.6 | 10.9 | 12.8 | 15.7 | 14.8 |
| 1975 | 161.5 | 163.1 | 166.7 | 168.2 | 4.8 | 4.0 | 8.8 | 3.6 |
| 1976 | 168.2 | 170.0 | 171.9 | 173.3 | .0 | 4.3 | 4.5 | 3.3 |
| 1977 | 176.8 | 179.0 | 181.3 | 182.8 | 8.1 | 5.0 | 5.1 | 3.3 |
| 1978 | 186.0* | 190.0* | 194.5* | 197.1* | 7.0 | 8.6 | 9.5 | 5.3 |

Source: Consumer Price Index, United States Department of Labor, Bureau of Labor Statistics.

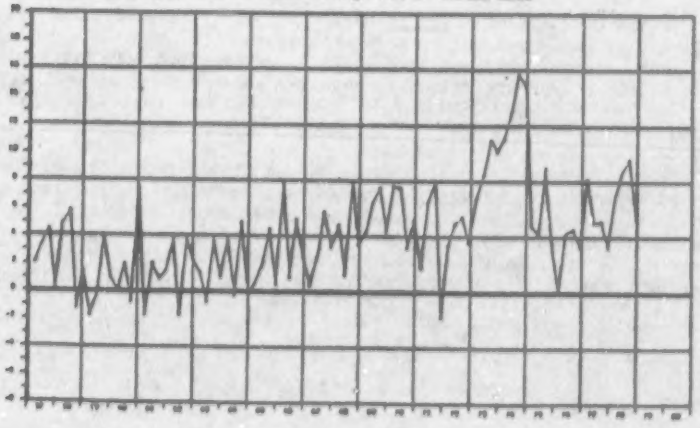
* Due to methodology change 1978 figures are for Urban Consumer Price Index. Also, the Scranton index was changed to include the entire Northeast Pennsylvania SMSA.

CHART V (Cont'd.)

U.S.: Quarterly Rate of Increase Adjusted to Annual Rate



Ser.: Quarterly Rate of Increase Adjusted to Annual Rate



## CHAPTER VI

## GROSS NATIONAL PRODUCT AND PERSONAL CONSUMPTION EXPENDITURES

### Gross National Product

Quarterly growth in Real GNP over the last two and one-half years has ranged from zero to 1.8 percent. In terms of 1972 dollars, the annual GNP stood at $1.36 trillion during the first quarter of 1978. GNP grew at a rate of 3.7 percent throughout 1978 to end the fourth quarter with a figure of $1.41 trillion.

### Personal Consumption Expenditures

One component of GNP that can have great influence on how well a local economy functions is the final expenditure patterns of consumers. Throughout the 1974-75 recession, U. S. personal consumption expenditures on services continued to rise. Expenditures on nondurable goods in the first quarter of the recession were less than they were a year before. This poor showing continued through the first quarter of 1975. Upon the recovery of GNP in the second quarter of 1975, the downward trend in nondurable expenditures turned around. Like expenditures on nondurable goods, those on durable goods began their downward trend in the first quarter of 1974. Durable goods expenditures during the fourth quarter of 1975 exceeded those during the fourth quarter of 1974.

With these performances in mind, it follows that an economy whose employment is concentrated in the service industry could be expected to have been hurt less by the recession than one dependent on durable goods production during the recession.

Personal Consumption Expenditures on durable goods reflected the 1974-75 recession by posting large losses in that period. Once the recovery was underway in the fourth quarter of 1975, gains of 15.2 to 18.1 percent were recorded in expenditures on durable goods. Over most of the last 1¼ years, more moderate gains of 5.7 to 8.3 percent were recorded. The final two quarters of 1978 recorded gains of 6.1 percent.

Personal Consumption Expenditures on nondurable goods do not fluctuate as wildly as expenditures on durable goods. Quarterly losses recorded by personal consumption expenditures of nondurable goods were only 1 to 2.3 percent during the recession. During recovery, the largest percentage gain was only 5.7 percent recorded in the fourth quarter of 1976. More recent gains have been about 2 percent but the fourth quarter of 1978 recorded a figure of 1.1 percent, lowest since the 1974-75 recession.

Personal consumption expenditures on services is the least likely area of expenditures to be affected by a recession or a recovery. Throughout the 1974-75 recession, personal consumption expenditures recorded gains. The minimum gain during the recession was 2.3 percent. Since the economic recovery in late 1975, the gains recorded in personal consumption expenditures on services has been in the 4.0 to 5.1 percent range.



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CHART VI: GROSS NATIONAL PRODUCT AND PERSONAL CONSUMPTION EXPENDITURES IN BILLIONS OF 1972 DOLLARS (Annual Rates)

UNITED STATES

| | Seasonally Adjusted Quarterly Gross National Products at Annual Rates (in billions of 1972 dollars) | | | | Quarterly Rate of Increase | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV |
| 1970 | 1,073.8* | 1,074.1* | 1,082.0* | 1,071.4* | -.4 | .0 | .7 | -1.0 |
| 1971 | 1,095.3* | 1,103.3* | 1,111.0* | 1,120.5* | 2.2 | .7 | .7 | .9 |
| 1972 | 1,141.2* | 1,163.0* | 1,178.0* | 1,203.2* | 1.8 | 1.9 | 1.3 | 2.1 |
| 1973 | 1,727.7* | 1,228.4* | 1,236.5* | 1,241.6* | 2.1 | .1 | .7 | .5 |
| 1974 | 1,230.2 | 1,224.5 | 1,216.9 | 1,199.7 | -1.0 | -.5 | -.6 | -1.4 |
| 1975 | 1,169.8 | 1,188.2 | 1,220.7 | 1,239.8 | -2.5 | 1.6 | 1.7 | .7 |
| 1976 | 1,256.0 | 1,271.5 | 1,283.7 | 1,287.4 | 2.1 | 1.2 | 1.0 | .3 |
| 1977 | 1,311.0 | 1,330.7 | 1,347.4 | 1,360.2 | 1.8 | 1.5 | 1.3 | .9 |
| 1978 | 1,340.3 | 1,382.6 | 1,391.4 | 1,412.2 | .0 | 1.4 | .6 | 1.5 |

*Universal figures

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis

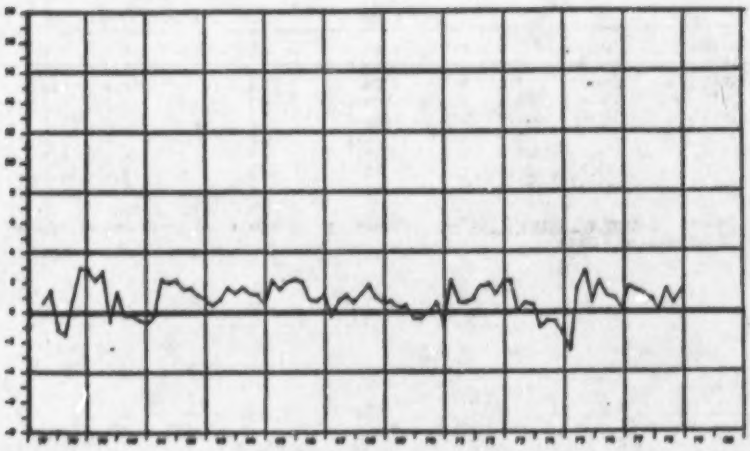
UNITED STATES

| | Personal Consumption Expenditures on Durable Goods in 1972 Dollars | | | | Percentage Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV |
| 1970 | 89.7 | 91.7 | 98.7 | 84.5 | -2.7 | -1.4 | -1.0 | -7.9 |
| 1971 | 93.6 | 96.3 | 98.7 | 103.7 | 4.3 | 4.6 | 0.0 | 22.7 |
| 1972 | 106.4 | 109.2 | 111.8 | 117.8 | 13.7 | 13.2 | 13.3 | 13.6 |
| 1973 | 124.0 | 122.7 | 121.2 | 118.1 | 16.5 | 12.4 | 8.4 | .4 |
| 1974 | 115.6 | 114.6 | 115.6 | 104.3 | -6.9 | -6.6 | -4.6 | -11.7 |
| 1975 | 106.2 | 109.0 | 115.4 | 120.2 | -8.0 | -5.1 | - .2 | 15.2 |
| 1976 | 123.4 | 126.3 | 127.1 | 130.7 | 16.1 | 16.1 | 10.1 | 8.7 |
| 1977 | 136.9 | 137.9 | 136.3 | 141.6 | 9.2 | 9.2 | 7.4 | 8.3 |
| 1978 | 137.6 | 143.8 | 144.8 | 150.2 | .4 | 5.7 | 6.1 | 6.1 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis

CHART VI (Cont'd.)

GNP: Quarterly Rate of Increase



Durable Goods: Percentage Increase from Same Quarter of Previous Year

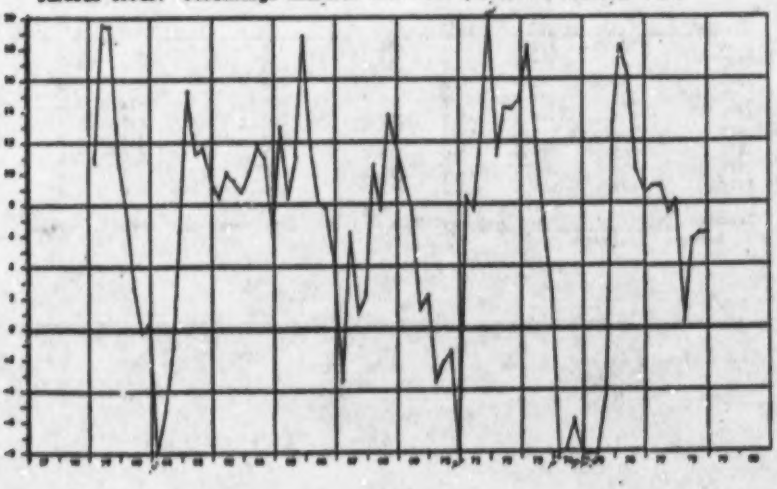


CHART VI (Cont'd.)

UNITED STATES

| | Personal Consumption Expenditures on Non-Durable Goods in 1972 Dollars | | | | Percentage Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV |
| 1970 | 280.3 | 281.2 | 283.3 | 285.8 | 1.9 | 2.0 | 2.4 | 2.8 |
| 1971 | 286.0 | 287.3 | 287.4 | 289.0 | 2.0 | 2.2 | 1.4 | 1.1 |
| 1972 | 291.1 | 296.3 | 301.4 | 306.4 | 1.8 | 3.8 | 4.9 | 6.0 |
| 1973 | 310.6 | 308.2 | 311.4 | 308.0 | 6.7 | 3.2 | 3.3 | .5 |
| 1974 | 303.0 | 303.8 | 305.3 | 301.2 | -1.8 | -1.4 | -2.3 | -2.2 |
| 1975 | 301.8 | 308.4 | 308.8 | 311.5 | -1.0 | 1.5 | 1.1 | 3.4 |
| 1976 | 316.1 | 319.3 | 321.3 | 329.4 | 4.7 | 3.3 | 4.2 | 5.7 |
| 1977 | 329.7 | 330.0 | 332.4 | 342.7 | 4.3 | 3.6 | 3.4 | 4.0 |
| 1978 | 337.9 | 336.3 | 340.4 | 346.6 | 2.5 | 1.9 | 2.4 | 1.1 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis

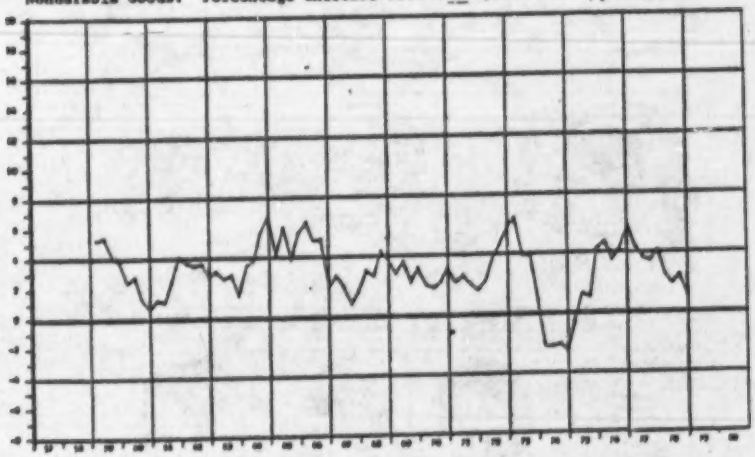
UNITED STATES

| | Personal Consumption Expenditures of Services in 1972 Dollars | | | | Percentage Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV |
| 1970 | 293.4 | 296.7 | 299.3 | 297.7 | 4.3 | 4.0 | 3.8 | 1.8 |
| 1971 | 302.7 | 305.5 | 307.5 | 309.6 | 2.3 | 3.0 | 2.7 | 4.0 |
| 1972 | 316.2 | 320.4 | 324.2 | 328.8 | 4.3 | 4.9 | 5.4 | 6.2 |
| 1973 | 331.2 | 333.3 | 337.9 | 339.7 | 4.7 | 4.7 | 4.2 | 3.3 |
| 1974 | 341.1 | 341.2 | 345.6 | 347.4 | 3.0 | 2.4 | 2.3 | 2.3 |
| 1975 | 349.0 | 353.0 | 356.2 | 361.2 | 2.3 | 3.9 | 3.1 | 4.0 |
| 1976 | 365.6 | 369.6 | 374.0 | 379.7 | 4.8 | 4.7 | 5.0 | 5.1 |
| 1977 | 383.8 | 386.3 | 391.4 | 395.3 | 5.0 | 4.4 | 4.7 | 4.1 |
| 1978 | 402.6 | 404.2 | 410.0 | 413.2 | 4.9 | 4.6 | 4.8 | 4.5 |

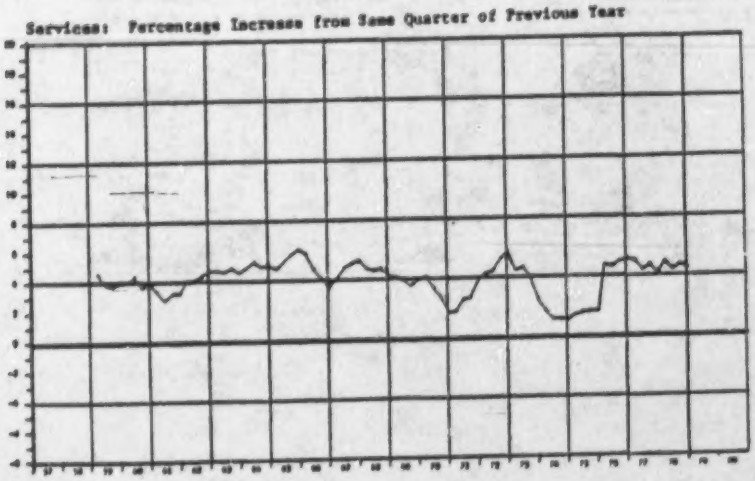
Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis

CHART VI (Cont'd.)

Nondurable Goods: Percentage Increase from Same Quarter of Previous Year



Services: Percentage Increase from Same Quarter of Previous Year



## CHAPTER VII

## EMPLOYMENT STRUCTURE

The employment structure of Northeastern Pennsylvania is significantly different than that of Pennsylvania and the Nation. The production of nondurable goods accounts for a greater portion of total employment than durable goods in the region, whereas the converse holds true for the Nation and State. Since wage rates are generally higher in durable goods industries, the regional industrial mix is a major factor in the relatively low level of average weekly earnings.

There have been pronounced shifts in the employment structure of the United States, Pennsylvania, and Northeastern Pennsylvania since 1960. Throughout the period, however, the U.S. and Pennsylvania have been more highly concentrated in durable goods production and services and less highly concentrated in nondurable goods production than Northeastern Pennsylvania.

The durable goods industry in Northeastern Pennsylvania did not start recovering from the 1974-75 recession until the first quarter of 1977. Although the recovery is underway, it will be a long time before the 1973 pre-recession 42,900 employment level will be reached again. The fourth quarter 1978 employment level was 36,200.

Employment in nondurable goods has declined in the last ten years. Peak employment in nondurables was 87,500 during 1968. By 1978 nondurable goods employment had dropped to 66,800.

Service employment did not feel the effect of the 1974-75 recession until the second quarter 1975. This area of the labor force did not begin its recovery until the first quarter 1977. Since recovery began, the gains in service employment have been between 1.9 and 3.9 percent.

CHART VII: DURABLE GOODS EMPLOYMENT

UNITED STATES

| | Durable Goods Mfg. (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 11644.3 | 11404.0 | 11156.7 | 10393.0 | - 1.7 | - 4.4 | - 6.7 | -10.6 |
| 1971 | 10634.7 | 10615.7 | 10329.7 | 10353.0 | - 8.7 | - 6.9 | - 5.6 | - .4 |
| 1972 | 10623.0 | 10816.3 | 10934.3 | 11192.0 | - .1 | 1.9 | 3.8 | 6.1 |
| 1973 | 11403.3 | 11396.7 | 11482.0 | 11932.3 | 7.3 | 7.2 | 6.8 | 6.8 |
| 1974 | 11904.3 | 11926.7 | 11933.7 | 11627.7 | 4.4 | 4.8 | 3.9 | 2.7 |
| 1975 | 10880.0 | 10386.3 | 10359.3 | 10447.0 | - 8.6 | -11.1 | -11.5 | - 8.3 |
| 1976 | 10868.3 | 11045.7 | 11087.7 | 11101.3 | - .1 | 4.3 | 5.0 | 4.1 |
| 1977 | 11278.7 | 11461.0 | 11540.0 | 11459.0 | 3.8 | 3.8 | 4.1 | 3.0 |
| 1978 | 11901.0 | 12092.7 | 12130.3 | 12401.3 | 5.5 | 5.6 | 5.2 | 8.4 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

PENNSYLVANIA

| | Durable Goods Mfg. ( in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 927.4 | 917.1 | 901.5 | 860.5 | - .2 | - 3.2 | - 5.8 | - 8.4 |
| 1971 | 843.7 | 847.1 | 829.4 | 815.8 | - 9.0 | - 7.6 | - 8.0 | - 5.2 |
| 1972 | 819.2 | 831.8 | 842.4 | 835.3 | - 2.9 | - 1.8 | 1.6 | 4.8 |
| 1973 | 859.5 | 881.3 | 893.1 | 894.6 | 4.9 | 6.0 | 6.0 | 4.6 |
| 1974 | 888.1 | 899.4 | 903.1 | 889.6 | 3.3 | 2.0 | 1.1 | - .6 |
| 1975 | 843.1 | 820.5 | 817.2 | 806.9 | - 5.1 | - 8.8 | - 9.5 | - 9.3 |
| 1976 | 789.8 | 801.7 | 810.2 | 799.3 | - 6.3 | - 2.3 | - .9 | - .9 |
| 1977 | 793.3 | 812.8 | 816.6 | 809.2 | .5 | 1.1 | .8 | 1.2 |
| 1978 | 807.2 | 823.2 | 831.0 | 834.3 | 1.8 | 1.2 | 1.8 | 3.1 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

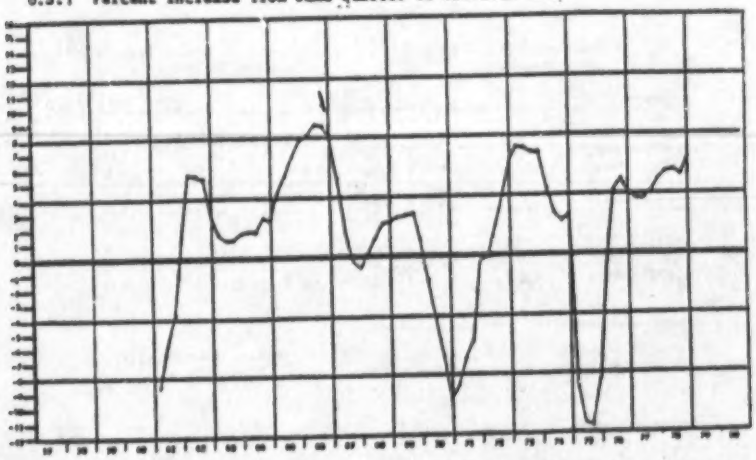
NORTHEASTERN PENNSYLVANIA

| | Durable Goods Mfg. (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 42.8 | 40.6 | 38.3 | 39.8 | 3.1 | - 6.0 | -11.9 | - 6.8 |
| 1971 | 38.3 | 39.6 | 40.2 | 40.2 | -10.3 | - 2.5 | 4.4 | 1.0 |
| 1972 | 38.6 | 41.0 | 40.1 | 41.5 | .8 | 3.5 | - .2 | 3.2 |
| 1973 | 40.6 | 42.0 | 42.9 | 42.1 | 5.2 | 2.4 | 7.0 | 1.4 |
| 1974 | 40.4 | 41.6 | 40.8 | 38.7 | - .5 | - 1.0 | - 4.9 | - 8.1 |
| 1975 | 35.6 | 35.0 | 35.0 | 34.2 | -11.9 | -15.9 | -14.2 | -11.6 |
| 1976 | 32.9 | 33.5 | 33.8 | 33.9 | - 7.6 | - 4.3 | - 3.4 | - .9 |
| 1977 | 34.2 | 34.6 | 34.1 | 33.8 | 4.0 | 3.3 | .9 | - .3 |
| 1978 | 34.3 | 35.2 | 34.7 | 36.2 | .3 | 1.1 | 1.8 | 7.1 |

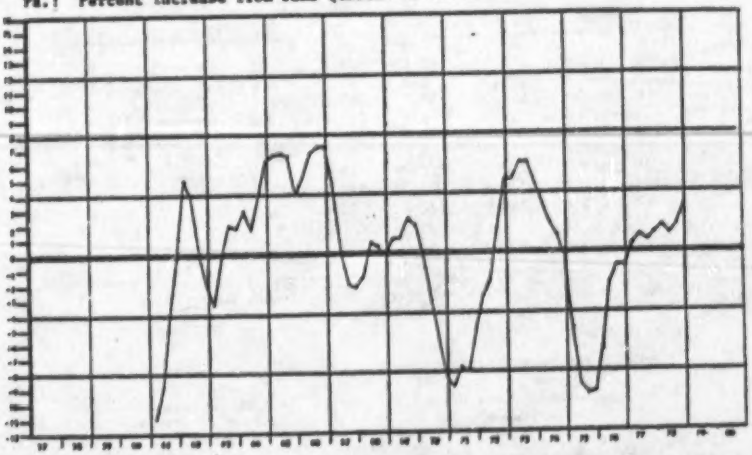
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART VII (Cont'd.)

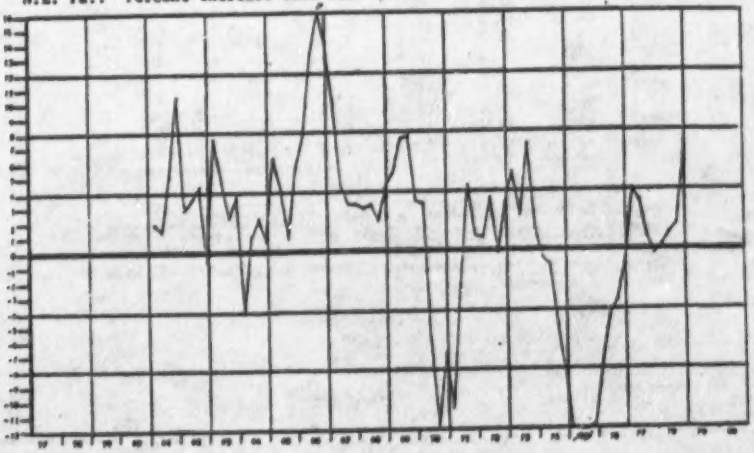
U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year



## CHART VIII: NONDURABLE GOODS EMPLOYMENT

### UNITED STATES

| | Nondurable Goods Mfg. (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 8288.7 | 8328.3 | 8139.0 | 8045.7 | .6 | 3.0 | - 3.6 | - 2.4 |
| 1971 | 8043.3 | 8034.0 | 7972.7 | 7963.0 | - 3.0 | - 3.8 | - 2.0 | - 1.3 |
| 1972 | 7993.0 | 8054.7 | 8044.7 | 8116.0 | - .6 | .3 | .9 | 1.9 |
| 1973 | 8160.7 | 8191.7 | 8167.0 | 8262.3 | 2.1 | 1.7 | 1.5 | 1.8 |
| 1974 | 8270.3 | 8234.0 | 8194.7 | 7972.3 | 1.3 | .5 | .3 | - 3.5 |
| 1975 | 7586.3 | 7552.7 | 7690.0 | 7838.0 | - 8.3 | - 8.3 | - 6.2 | - 1.7 |
| 1976 | 7919.7 | 7926.3 | 7920.3 | 7932.3 | 4.4 | 4.9 | 3.0 | 1.2 |
| 1977 | 8004.0 | 8122.3 | 8084.0 | 8090.7 | 1.1 | 2.5 | 2.1 | 2.0 |
| 1978 | 8169.7 | 8205.7 | 8138.7 | 8185.3 | 2.1 | 1.0 | .7 | 1.2 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

### PENNSYLVANIA

| | Nondurable Goods Mfg. (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 631.6 | 624.8 | 620.4 | 610.1 | - .8 | - 2.4 | - 3.4 | - 4.7 |
| 1971 | 602.4 | 598.3 | 598.1 | 597.0 | - 4.6 | - 4.2 | - 3.6 | - 2.1 |
| 1972 | 592.9 | 599.6 | 593.7 | 600.0 | - 1.6 | .2 | - .7 | .5 |
| 1973 | 593.7 | 596.0 | 590.6 | 593.7 | .1 | - .6 | - .6 | - 1.0 |
| 1974 | 582.4 | 580.8 | 573.4 | 556.5 | - 1.9 | - 2.6 | - 2.5 | - 6.3 |
| 1975 | 522.4 | 521.6 | 529.2 | 538.9 | -10.3 | -10.2 | - 8.0 | - 3.2 |
| 1976 | 527.2 | 527.7 | 526.8 | 522.3 | .9 | 1.4 | - .5 | - 3.1 |
| 1977 | 520.0 | 527.1 | 527.3 | 523.6 | - 1.3 | - .3 | .1 | .6 |
| 1978 | 526.6 | 536.6 | 537.2 | 535.6 | 1.3 | 2.6 | 1.9 | 1.9 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

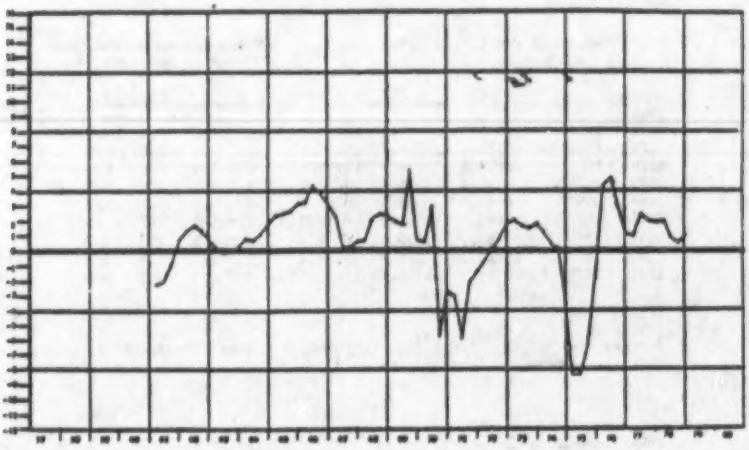
### NORTHEASTERN PENNSYLVANIA

| | Nondurable Goods Mfg. (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 87.1 | 87.1 | 86.0 | 85.0 | 3.3 | 1.5 | .4 | 1.7 |
| 1971 | 84.1 | 84.2 | 83.9 | 83.1 | - 3.4 | - 3.3 | - 2.4 | - 2.2 |
| 1972 | 83.7 | 78.5 | 79.3 | 79.0 | - .5 | - .7 | - 5.5 | - 4.9 |
| 1973 | 80.9 | 82.2 | 81.9 | 80.0 | - 3.3 | 4.7 | 3.3 | 1.3 |
| 1974 | 76.6 | 78.2 | 77.3 | 73.6 | - 5.3 | - 4.9 | - 5.6 | - 8.6 |
| 1975 | 69.8 | 72.3 | 73.1 | 73.2 | - 8.9 | - 7.5 | - 5.4 | - 2.2 |
| 1976 | 70.8 | 70.6 | 68.6 | 65.6 | .3 | - 2.4 | - 6.2 | -12.8 |
| 1977 | 67.4 | 68.3 | 66.8 | 66.5 | - 3.7 | - 3.4 | - 2.6 | 1.4 |
| 1978 | 66.2 | 67.5 | 67.0 | 66.8 | - 1.8 | - 1.2 | .3 | .5 |

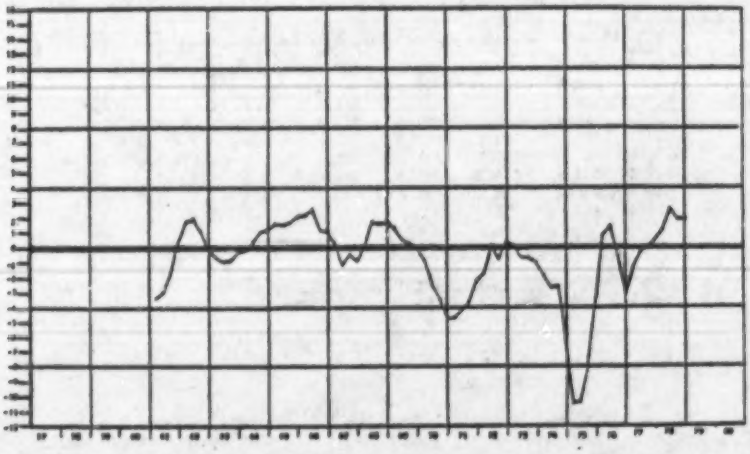
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART VIII (Cont'd.)

U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year

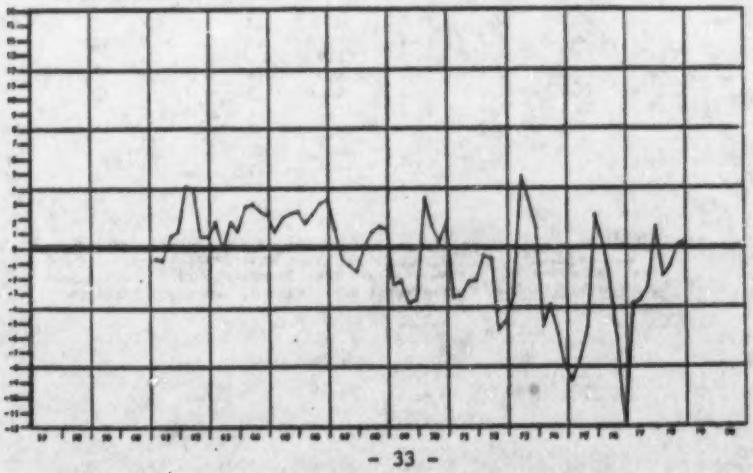


CHART IX: WHOLESALE AND RETAIL EMPLOYMENT

UNITED STATES

| | Wholesale and Retail Trade (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 14905.7 | 14929.3 | 14918.0 | 14933.3 | 3.3 | 2.3 | 1.4 | .8 |
| 1971 | 15057.3 | 15130.0 | 15204.3 | 15294.0 | 1.0 | 1.3 | 1.9 | 2.4 |
| 1972 | 15447.7 | 15623.7 | 15747.0 | 15898.7 | 2.6 | 3.3 | 3.6 | 4.0 |
| 1973 | 16096.7 | 16245.0 | 16344.7 | 16734.0 | 4.2 | 4.0 | 3.8 | 5.2 |
| 1974 | 16878.7 | 16990.0 | 17130.0 | 17049.0 | 4.8 | 4.6 | 4.8 | 1.9 |
| 1975 | 16877.7 | 16860.3 | 17014.0 | 17053.0 | .0 - | .8 - | .7 | .0 |
| 1976 | 17592.0 | 17663.0 | 17780.0 | 17843.3 | 4.2 | 4.8 | 4.5 | 4.6 |
| 1977 | 18079.0 | 18228.3 | 18376.7 | 18512.0 | 2.8 | 3.2 | 3.4 | 3.7 |
| 1978 | 18799.0 | 19333.0 | 19512.6 | 19672.0 | 4.0 | 6.1 | 6.2 | 6.3 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

PENNSYLVANIA

| | Wholesale and Retail Trade (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 806.7 | 827.1 | 827.1 | 850.3 | 1.8 | 1.4 | 1.3 | .6 |
| 1971 | 815.4 | 837.6 | 842.3 | 866.1 | 1.1 | 1.3 | 1.8 | 1.8 |
| 1972 | 839.3 | 859.1 | 860.6 | 891.3 | 3.0 | 2.6 | 2.2 | 2.9 |
| 1973 | 865.0 | 885.9 | 880.0 | 913.8 | 3.0 | 3.1 | 2.2 | 2.5 |
| 1974 | 873.2 | 883.3 | 878.3 | 911.4 | .9 - | .3 - | .2 - | .3 |
| 1975 | 861.9 | 874.7 | 871.9 | 893.3 | - 1.3 - | 1.0 - | .8 - | 1.8 |
| 1976 | 880.1 | 894.3 | 892.8 | 909.0 | 2.1 | 2.2 | 2.3 | 1.5 |
| 1977 | 905.0 | 918.1 | 917.6 | 945.4 | 2.8 | 2.7 | 2.9 | 4.0 |
| 1978 | 913.2 | 930.9 | 931.8 | 978.2 | .9 | 1.4 | 1.5 | 3.5 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

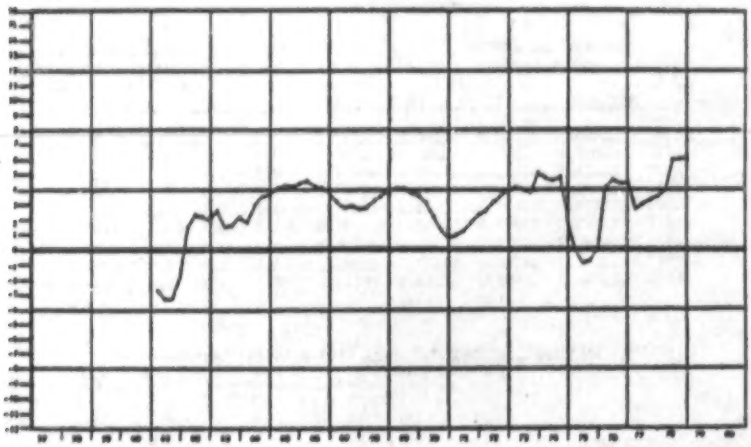
NORTHEASTERN PENNSYLVANIA

| | Wholesale and Retail Trade (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 49.2 | 50.8 | 51.0 | 52.8 | .6 | .0 - | 1.4 | .6 |
| 1971 | 50.1 | 52.0 | 53.2 | 54.3 | 1.8 | 2.4 | 4.3 | 3.2 |
| 1972 | 53.3 | 55.2 | 54.3 | 57.2 | 6.4 | 6.2 | 2.4 | 5.0 |
| 1973 | 54.6 | 57.6 | 58.8 | 61.2 | 2.4 | 4.3 | 7.9 | 7.0 |
| 1974 | 56.5 | 58.3 | 59.2 | 59.6 | 3.5 | 1.2 | .7 - | 2.9 |
| 1975 | 55.3 | 56.4 | 57.3 | 57.3 | - 1.8 - | 3.3 - | 3.2 - | 3.5 |
| 1976 | 56.4 | 57.8 | 59.0 | 60.1 | 1.6 | 2.1 | 2.8 | 4.9 |
| 1977 | 58.4 | 59.3 | 60.0 | 61.5 | 3.5 | 3.0 | 1.7 | 2.3 |
| 1978 | 59.6 | 60.1 | 61.1 | 64.9 | 2.1 | 1.3 | 1.8 | 5.5 |

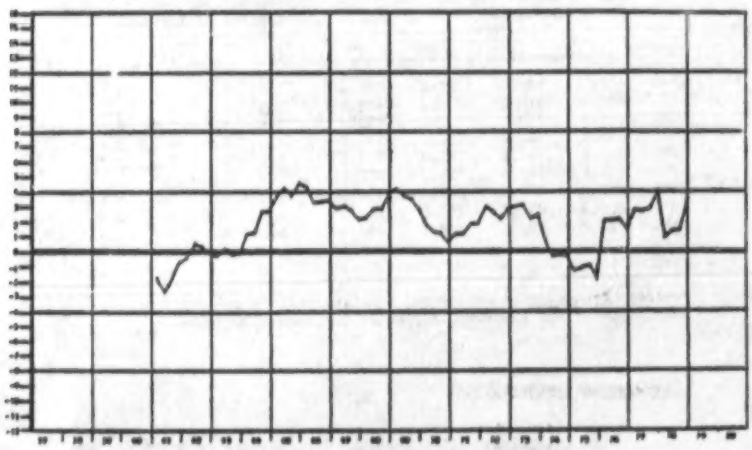
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART IX (Cont'd.)

U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year

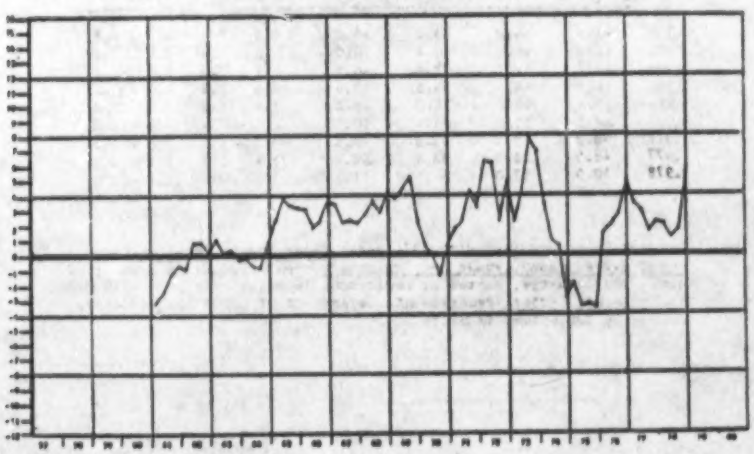


CHART X: SERVICE EMPLOYMENT

UNITED STATES

| | Service Industries (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 11524.3 | 11603.3 | 11640.7 | 11749.3 | 4.4 | 3.8 | 3.2 | 2.9 |
| 1971 | 11806.7 | 11835.3 | 11928.3 | 11994.7 | 2.4 | 2.2 | 2.5 | 2.1 |
| 1972 | 12106.7 | 12257.7 | 12373.3 | 12493.0 | 2.5 | 3.4 | 3.7 | 4.2 |
| 1973 | 12671.0 | 12780.7 | 12909.7 | 13169.0 | 4.7 | 4.3 | 4.3 | 5.4 |
| 1974 | 13296.0 | 13428.0 | 13618.7 | 13817.3 | 4.9 | 5.1 | 5.5 | 5.0 |
| 1975 | 13862.0 | 13879.3 | 14055.3 | 14159.0 | 4.3 | 3.4 | 3.2 | 2.8 |
| 1976 | 14399.7 | 14571.0 | 14737.7 | 14876.0 | 3.9 | 5.0 | 4.9 | 4.8 |
| 1977 | 15073.7 | 15208.0 | 15434.0 | 15601.3 | 4.7 | 4.4 | 4.7 | 4.9 |
| 1978 | 15786.3 | 15908.3 | 16043.3 | 16242.0 | 4.7 | 4.6 | 4.1 | 4.1 |

Source: Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

PENNSYLVANIA

| | Service Industries (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 665.2 | 689.4 | 695.1 | 690.8 | 2.7 | 2.3 | 1.8 | 2.6 |
| 1971 | 680.6 | 699.4 | 705.7 | 698.4 | 2.3 | 1.4 | 1.5 | 1.1 |
| 1972 | 699.9 | 720.7 | 725.3 | 723.9 | 2.8 | 3.0 | 2.8 | 3.6 |
| 1973 | 720.6 | 743.6 | 755.2 | 750.3 | 3.0 | 3.2 | 4.1 | 3.6 |
| 1974 | 744.2 | 769.2 | 782.8 | 769.5 | 3.3 | 3.4 | 3.6 | 2.6 |
| 1975 | 751.2 | 773 4 | 781.3 | 778.1 | .9 | .5 - | .2 | 1.1 |
| 1976 | 798.3 | 819.3 | 827.4 | 827.6 | 6.2 | 5.9 | 5.6 | 5.1 |
| 1977 | 831.8 | 857.2 | 855.2 | 865.3 | 4.2 | 4.6 | 3.4 | 3.8 |
| 1978 | 862.7 | 890.0 | 888.1 | 903.4 | 3.7 | 3.9 | 3.8 | 4.4 |

Source: Pennsylvania Employment and Earnings, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

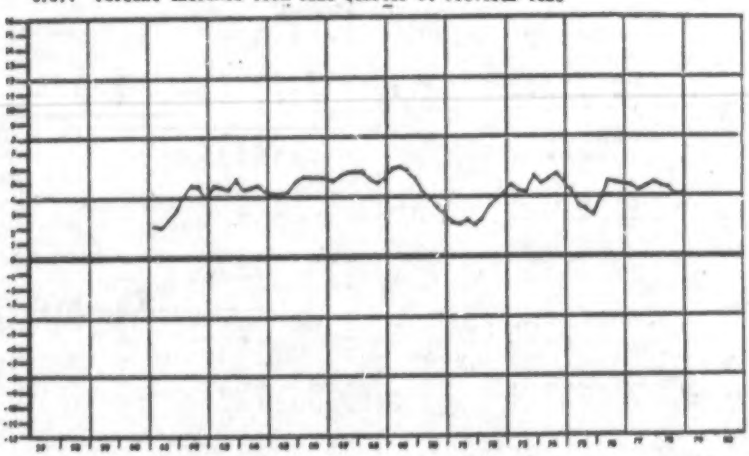
NORTHEASTERN PENNSYLVANIA

| | Service Industries (in thousands) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 41.4 | 44.8 | 49.2 | 44.0 | 6.2 | 7.4 | 4.0 | 4.8 |
| 1971 | 41.4 | 44.6 | 48.7 | 44.0 | .0 | .4 | 1.0 | .0 |
| 1972 | 44.6 | 47.7 | 52.4 | 46.5 | 7.7 | 7.0 | 7.6 | 5.7 |
| 1973 | 46.3 | 49.4 | 54.3 | 48.6 | 3.8 | 3.6 | 4.0 | 4.5 |
| 1974 | 47.4 | 50.2 | 56.3 | 49.2 | 2.4 | 1.6 | 3.3 | 1.2 |
| 1975 | 46.3 | 50.0 | 53.6 | 50.1 | 2.3 - | .4 - | 4.8 | 1.8 |
| 1976 | 46.9 | 49.1 | 53.5 | 48.5 | -3.1 - | 1.8 | .0 - | 3.2 |
| 1977 | 48.5 | 51.0 | 53.4 | 50.2 | 3.4 | 3.9 - | .2 | 3.5 |
| 1978 | 50.0 | 52.0 | 54.4 | 51.7 | 3.1 | 2.0 | 1.9 | 3.0 |

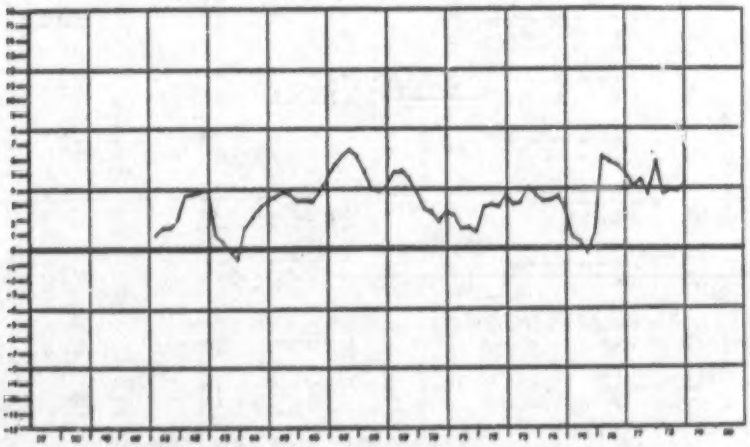
Source: Up to and including 1974 data: Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data: Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART X (Cont'd.)

U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year

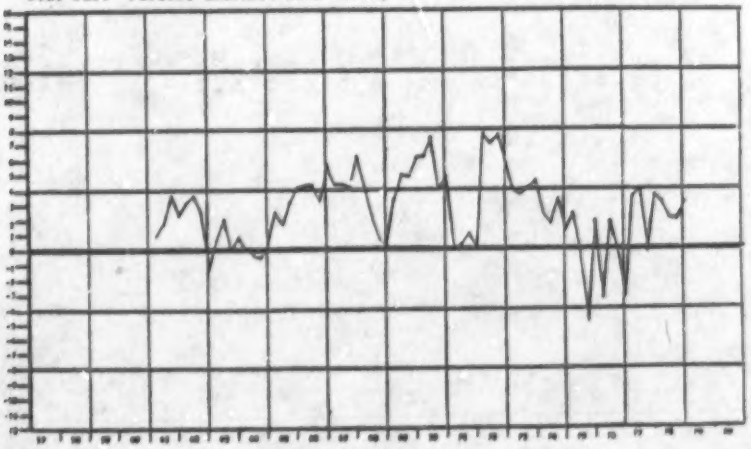


TABLE 3

NORTHEASTERN PENNSYLVANIA EMPLOYMENT STRUCTURE BY COUNTY
(in thousands)

CARBON COUNTY

| | Durable | | | | Nondurable | | | | Wholesale/Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 3.2 | 3.0 | 3.0 | 2.8 | 4.8 | 5.0 | 5.0 | 5.0 | 1.8 | 1.8 | 1.8 | 1.8 | 1.5 | 1.4 | 1.5 | 1.4 |
| 1971 | 2.6 | 2.8 | 3.0 | 3.0 | 4.7 | 4.8 | 4.7 | 4.6 | 1.7 | 1.8 | 2.0 | 2.0 | 1.4 | 1.4 | 1.5 | 1.4 |
| 1972 | 2.6 | 2.8 | 2.9 | 3.0 | 4.7 | 4.8 | 4.6 | 4.4 | 2.0 | 2.0 | 2.3 | 2.2 | 1.4 | 1.8 | 1.9 | 1.7 |
| 1973 | 3.0 | 3.0 | 3.1 | 3.1 | 4.5 | 4.7 | 4.9 | 4.8 | 2.1 | 2.2 | 2.2 | 2.4 | 1.6 | 1.8 | 1.9 | 1.8 |
| 1974 | 3.1 | 3.2 | 3.0 | 3.1 | 4.8 | 4.8 | 4.8 | 4.8 | 2.4 | 2.4 | 2.4 | 2.4 | 1.8 | 1.8 | 1.8 | 1.9 |
| 1975 | 3.0 | 3.0 | 3.0 | 2.8 | 4.4 | 4.4 | 4.5 | 4.8 | 2.3 | 2.2 | 2.2 | 2.3 | 1.8 | 1.8 | 1.8 | 1.9 |
| 1976 | 2.7 | 2.8 | 2.8 | 2.8 | 4.7 | 4.7 | 4.6 | 4.7 | 2.3 | 2.3 | 2.3 | 2.5 | 1.9 | 1.9 | 1.9 | 2.0 |
| 1977 | 2.8 | 2.9 | 2.9 | 2.8 | 4.6 | 4.6 | 4.6 | 4.8 | 2.5 | 2.5 | 2.5 | 2.5 | 2.0 | 2.0 | 2.0 | 2.0 |
| 1978 | 2.7 | 2.7 | 2.8 | 2.8 | 4.8 | 4.9 | 4.7 | 5.0 | 2.5 | 2.5 | 2.5 | 2.6 | 2.1 | 2.1 | 2.1 | 2.1 |

LACKAWANNA COUNTY

| | Durable | | | | Nondurable | | | | Wholesale/Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 13.4 | 12.8 | 12.1 | 12.2 | 21.8 | 21.4 | 21.4 | 20.6 | 16.5 | 17.0 | 17.0 | 17.8 | 14.1 | 14.4 | 14.4 | 14.6 |
| 1971 | 11.6 | 11.8 | 12.5 | 12.4 | 20.6 | 21.0 | 20.9 | 20.6 | 16.9 | 17.2 | 17.5 | 18.0 | 14.5 | 15.0 | 15.4 | 15.6 |
| 1972 | 12.3 | 12.7 | 12.9 | 12.8 | 20.5 | 20.0 | 19.5 | 19.0 | 17.2 | 17.6 | 18.1 | 18.0 | 15.3 | 16.0 | 16.0 | 16.2 |
| 1973 | 12.4 | 12.8 | 12.6 | 12.2 | 19.7 | 20.0 | 19.9 | 18.8 | 17.4 | 18.0 | 18.2 | 18.8 | 15.9 | 16.4 | 16.3 | 16.3 |
| 1974 | 11.9 | 12.1 | 12.0 | 11.3 | 18.4 | 18.5 | 18.0 | 17.6 | 17.7 | 18.0 | 17.8 | 17.9 | 16.6 | 16.8 | 17.1 | 16.8 |
| 1975 | 10.6 | 10.5 | 10.7 | 10.6 | 16.8 | 17.3 | 17.9 | 18.2 | 16.3 | 16.8 | 16.9 | 17.2 | 16.3 | 16.7 | 16.9 | 17.4 |
| 1976 | 10.1 | 9.7 | 10.3 | 10.5 | 16.8 | 17.0 | 16.6 | 16.3 | 17.8 | 18.1 | 18.3 | 18.8 | 15.2 | 15.3 | 15.5 | 15.3 |
| 1977 | 10.3 | 10.6 | 10.6 | 10.7 | 16.0 | 16.1 | 15.5 | 15.8 | 17.7 | 17.8 | 17.9 | 18.4 | 16.0 | 16.6 | 16.1 | 16.2 |
| 1978 | 11.2 | 11.7 | 11.9 | 12.7 | 14.8 | 14.9 | 14.7 | 15.1 | 17.8 | 17.7 | 17.8 | 19.5 | 15.9 | 16.2 | 16.2 | 16.3 |

LUZERNE COUNTY

| | Durable | | | | Nondurable | | | | Wholesale-Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 17.1 | 15.9 | 14.9 | 16.6 | 36.5 | 36.4 | 35.1 | 35.1 | 20.0 | 20.8 | 20.6 | 21.4 | 14.7 | 16.2 | 15.9 | 15.8 |
| 1971 | 16.5 | 17.0 | 16.2 | 16.2 | 34.6 | 34.0 | 34.1 | 33.5 | 20.2 | 21.4 | 21.7 | 22.4 | 15.2 | 16.2 | 16.3 | 16.2 |
| 1972 | 15.4 | 16.4 | 15.2 | 16.6 | 34.5 | 34.7 | 30.7 | 32.0 | 22.1 | 22.6 | 20.5 | 23.0 | 16.3 | 16.8 | 15.6 | 16.0 |
| 1973 | 16.5 | 17.2 | 17.9 | 17.7 | 32.4 | 33.2 | 32.7 | 32.2 | 22.4 | 23.7 | 24.3 | 25.6 | 16.3 | 17.2 | 17.4 | 17.0 |
| 1974 | 17.1 | 17.4 | 16.9 | 16.5 | 30.8 | 31.8 | 31.5 | 29.6 | 23.3 | 23.9 | 24.4 | 25.0 | 17.0 | 17.6 | 17.8 | 17.6 |
| 1975 | 14.8 | 14.8 | 14.5 | 14.2 | 28.4 | 29.6 | 30.0 | 30.2 | 23.7 | 24.2 | 24.5 | 24.7 | 17.4 | 17.6 | 17.8 | 17.8 |
| 1976 | 13.4 | 13.8 | 13.4 | 13.7 | 26.7 | 26.8 | 25.8 | 24.0 | 23.4 | 24.2 | 24.8 | 25.5 | 16.8 | 17.4 | 17.8 | 17.5 |
| 1977 | 13.8 | 13.7 | 13.6 | 13.6 | 25.5 | 26.1 | 25.6 | 25.2 | 24.6 | 25.3 | 25.4 | 26.1 | 16.4 | 16.9 | 16.6 | 16.8 |
| 1978 | 13.8 | 13.8 | 13.3 | 14.1 | 24.7 | 25.3 | 25.3 | 25.4 | 25.0 | 25.2 | 25.6 | 27.2 | 17.3 | 17.8 | 17.1 | 17.5 |

### MONROE COUNTY

| | Durable | | | | Nondurable | | | | Wholesale-Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 2.6 | 2.5 | 2.3 | 2.4 | 2.7 | 2.6 | 2.5 | 2.5 | 3.1 | 3.0 | 3.2 | 3.3 | 3.6 | 4.6 | 6.9 | 4.1 |
| 1971 | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.2 | 3.2 | 3.2 | 3.4 | 3.6 | 3.9 | 4.8 | 5.8 | 4.2 |
| 1972 | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 3.5 | 4.0 | 4.3 | 4.2 | 4.8 | 5.4 | 7.9 | 5.0 |
| 1973 | 2.2 | 2.2 | 2.3 | 2.3 | 2.6 | 2.6 | 2.6 | 2.8 | 3.9 | 4.4 | 4.5 | 4.7 | 5.0 | 5.6 | 7.6 | 5.6 |
| 1974 | 2.5 | 2.6 | 2.5 | 2.2 | 2.9 | 2.6 | 2.8 | 2.6 | 4.2 | 4.6 | 4.8 | 4.6 | 4.6 | 5.4 | 7.8 | 5.1 |
| 1975 | 2.1 | 2.0 | 1.7 | 1.6 | 2.6 | 2.5 | 3.2 | 3.2 | 4.1 | 4.1 | 4.1 | 3.9 | 5.7 | 5.8 | 7.0 | 5.4 |
| 1976 | 1.8 | 1.9 | 1.9 | 1.7 | 2.5 | 2.4 | 2.4 | 2.3 | 4.1 | 4.1 | 4.4 | 4.3 | 5.5 | 6.1 | 7.7 | 6.1 |
| 1977 | 1.7 | 1.9 | 1.9 | 2.0 | 2.7 | 2.5 | 2.5 | 2.5 | 4.5 | 4.5 | 4.6 | 4.8 | 6.3 | 6.8 | 7.8 | 6.5 |
| 1978 | 2.0 | 2.1 | 1.9 | 2.0 | 2.6 | 2.6 | 2.6 | 2.8 | 4.5 | 4.7 | 4.8 | 5.0 | 6.4 | 6.5 | 7.4 | 6.6 |

### PIKE/WAYNE COUNTIES

| | Durable | | | | Nondurable | | | | Wholesale-Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 1.1 | 1.0 | .9 | .9 | 1.7 | 1.8 | 1.8 | 1.8 | 1.6 | 1.8 | 1.9 | 1.7 | 1.3 | 1.8 | 4.0 | 1.5 |
| 1971 | .7 | .7 | .7 | .7 | 1.8 | 1.8 | 1.8 | 1.8 | 1.7 | 1.8 | 2.0 | 1.8 | 1.4 | 2.0 | 4.5 | 1.6 |
| 1972 | .8 | .8 | .9 | .9 | 1.7 | 1.6 | 1.8 | 1.8 | 1.9 | 2.0 | 2.3 | 2.2 | 1.9 | 2.7 | 5.6 | 2.4 |
| 1973 | .8 | .9 | .9 | .9 | 1.9 | 2.0 | 1.9 | 1.9 | 2.0 | 2.2 | 2.4 | 2.2 | 2.4 | 2.9 | 5.9 | 2.6 |
| 1974 | .9 | .8 | .8 | .8 | 1.9 | 1.9 | 1.9 | 1.6 | 2.0 | 2.2 | 2.5 | 2.2 | 2.2 | 3.1 | 6.4 | 2.5 |
| 1975 | .8 | .8 | .9 | .7 | 1.6 | 1.6 | 1.7 | 1.7 | 2.0 | 2.1 | 2.4 | 2.2 | 2.1 | 2.8 | 6.2 | 2.4 |
| 1976 | .6 | .6 | .7 | .6 | 1.7 | 1.8 | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 | 2.0 | 2.1 | 3.0 | 5.3 | 2.3 |
| 1977 | .8 | .8 | .8 | .9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.6 | 1.8 | 2.1 | 2.0 | 2.2 | 3.0 | 5.1 | 2.7 |
| 1978 | .9 | .9 | .9 | .9 | 1.8 | 1.9 | 1.9 | 1.9 | 2.1 | 2.2 | 2.5 | 2.5 | 2.6 | 3.4 | 5.6 | 2.7 |

### SCHUYLKILL COUNTY

| | Durable | | | | Nondurable | | | | Wholesale-Retail | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| 1970 | 5.4 | 5.3 | 5.3 | 4.9 | 19.6 | 20.0 | 20.2 | 20.0 | 6.2 | 6.4 | 6.5 | 6.6 | 4.8 | 5.1 | 5.4 | 5.0 |
| 1971 | 4.6 | 5.2 | 5.4 | 5.6 | 20.0 | 20.2 | 20.0 | 20.4 | 6.4 | 6.4 | 6.6 | 6.7 | 5.0 | 5.2 | 5.2 | 5.0 |
| 1972 | 5.2 | 6.0 | 5.8 | 5.8 | 19.9 | 20.0 | 20.3 | 19.5 | 6.6 | 6.9 | 7.0 | 7.0 | 4.9 | 5.1 | 5.4 | 5.2 |
| 1973 | 5.7 | 6.0 | 6.1 | 5.9 | 19.8 | 19.9 | 19.9 | 19.4 | 6.8 | 7.0 | 7.2 | 7.4 | 5.1 | 5.6 | 5.4 | 5.2 |
| 1974 | 4.9 | 5.6 | 5.6 | 4.8 | 17.8 | 18.7 | 18.3 | 17.4 | 6.9 | 7.2 | 7.3 | 7.2 | 5.2 | 5.4 | 5.4 | 5.2 |
| 1975 | 4.3 | 3.9 | 4.1 | 4.1 | 16.0 | 16.8 | 16.9 | 17.0 | 7.1 | 7.0 | 7.1 | 7.2 | 5.2 | 5.2 | 5.4 | 5.4 |
| 1976 | 4.3 | 4.7 | 4.7 | 4.6 | 17.6 | 17.9 | 17.3 | 16.8 | 7.1 | 7.0 | 6.9 | 7.0 | 5.4 | 5.4 | 5.3 | 5.3 |
| 1977 | 4.8 | 4.7 | 4.2 | 3.7 | 16.7 | 17.1 | 16.7 | 16.3 | 7.5 | 7.4 | 7.6 | 7.7 | 5.6 | 5.6 | 5.9 | 5.9 |
| 1978 | 3.7 | 3.9 | 4.0 | 3.8 | 17.4 | 18.0 | 17.8 | 17.3 | 7.7 | 7.7 | 7.8 | 8.0 | 5.8 | 5.9 | 5.9 | 6.4 |

Source: Up to and including 1974 data; Pennsylvania Total Civilian Labor Force, Unemployment and Employment, Pennsylvania Department of Labor and Industry, Bureau of Employment Security. 1975 to 1978 data; Labor Market Letter, Pennsylvania Department of Labor and Industry, Bureau of Employment Security.

CHART XI: DURABLE GOODS EMPLOYMENT
AS A PERCENTAGE OF TOTAL EMPLOYMENT

UNITED STATES

Durable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 14.8 | 14.3 | 14.2 | 13.5 |
| 1971 | 13.5 | 13.5 | 13.3 | 13.2 |
| 1972 | 13.1 | 13.3 | 13.3 | 13.6 |
| 1973 | 13.7 | 13.8 | 13.8 | 14.0 |
| 1974 | 13.9 | 13.9 | 13.8 | 13.6 |
| 1975 | 12.9 | 12.6 | 12.4 | 12.3 |
| 1976 | 12.( | [illegible].C | 12.6 | 12.5 |
| 1977 | 12.9 | 12.7 | 12.5 | 12.6 |
| 1978 | 13.0 | 12.8 | 12.7 | 12.9 |

Source: EDCNP Analysis

PENNSYLVANIA

Durable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 19.4 | 18.9 | 18.5 | 17.9 |
| 1971 | 18.0 | 17.7 | 17.3 | 17.1 |
| 1972 | 17.3 | 17.1 | 17.3 | 17.4 |
| 1973 | 17.8 | 17.8 | 17.9 | 17.9 |
| 1974 | 18.8 | 18.6 | 18.7 | 18.6 |
| 1975 | 18.3 | 17.6 | 17.5 | 17.2 |
| 1976 | 17.3 | 17.2 | 17.3 | 17.2 |
| 1977 | 17.2 | 17.0 | 17.1 | 16.8 |
| 1978 | 17.0 | 16.9 | 16.8 | 16.7 |

Source: EDCNP Analysis

NORTHEASTERN PENNSYLVANIA

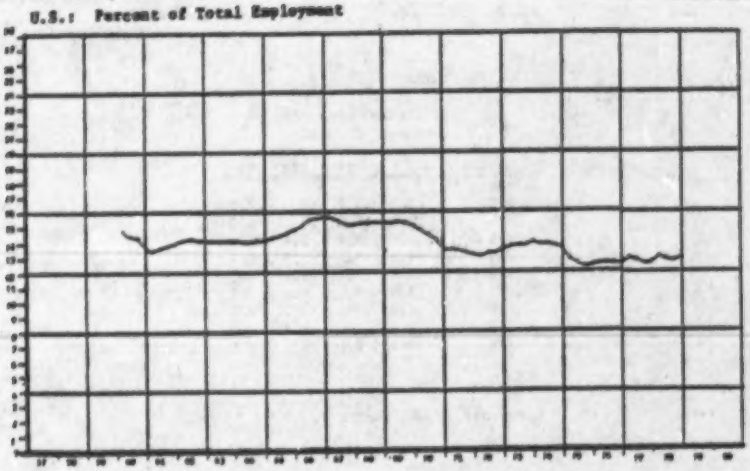
Durable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 12.8 | 11.9 | 11.1 | 11.7 |
| 1971 | 11.6 | 11.6 | 11.5 | 11.8 |
| 1972 | 11.4 | 11.7 | 11.4 | 11.9 |
| 1973 | 11.8 | 11.7 | 11.6 | 11.7 |
| 1974 | 11.3 | 11.2 | 10.8 | 10.9 |
| 1975 | 10.6 | 10.0 | 9.8 | 9.8 |
| 1976 | 9.8 | 9.6 | 9.5 | 10.0 |
| 1977 | 9.9 | 9.7 | 9.4 | 9.6 |
| 1978 | 10.0 | 10.0 | 9.6 | 10.1 |

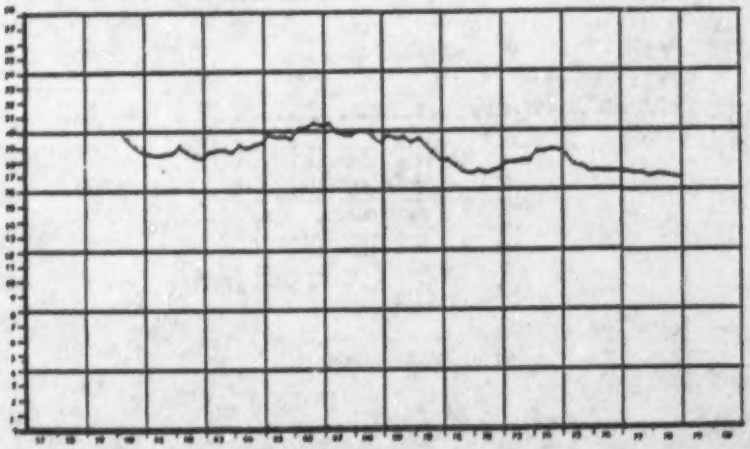
Source: EDCNP Analysis.

CHART XI (Cont'd.)

U.S.: Percent of Total Employment



Pa.: Percent of Total Employment



N.E. Pa.: Percent of Total Employment

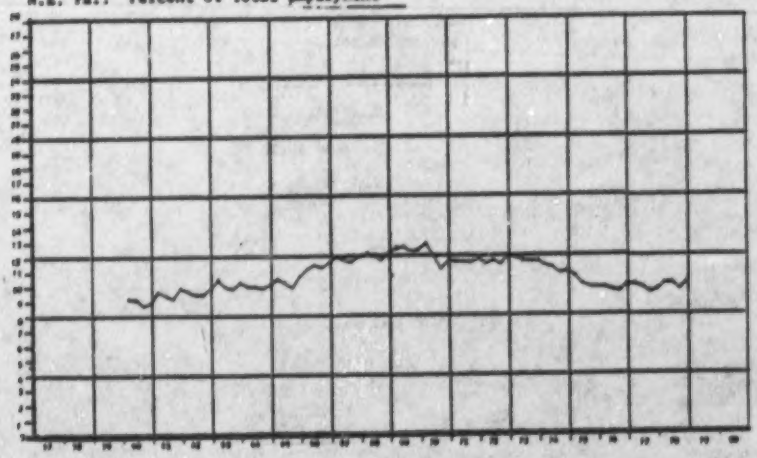


CHART XI: NONDURABLE GOODS EMPLOYMENT
AS A PERCENTAGE OF TOTAL EMPLOYMENT

UNITED STATES

Nondurable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 10.3 | 10.8 | 10.4 | 10.3 |
| 1971 | 10.2 | 10.2 | 10.1 | 10.0 |
| 1972 | 9.9 | 9.9 | 9.8 | 9.8 |
| 1973 | 9.8 | 9.7 | 9.6 | 9.6 |
| 1974 | 9.6 | 9.6 | 9.5 | 9.3 |
| 1975 | 9.0 | 9.0 | 9.0 | 9.2 |
| 1976 | 9.2 | 9.1 | 9.0 | 9.0 |
| 1977 | 9.2 | 9.0 | 8.8 | 8.8 |
| 1978 | 8.9 | 8.7 | 8.5 | 8.5 |

Source: EDCNP Analysis.

PENNSYLVANIA

Nondurable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 13.2 | 12.8 | 12.8 | 12.7 |
| 1971 | 12.8 | 12.5 | 12.5 | 12.5 |
| 1972 | 12.5 | 12.4 | 12.2 | 12.2 |
| 1973 | 12.3 | 12.0 | 11.9 | 11.9 |
| 1974 | 12.3 | 12.0 | 11.9 | 11.6 |
| 1975 | 11.4 | 11.2 | 11.3 | 11.5 |
| 1976 | 11.5 | 11.3 | 11.3 | 11.3 |
| 1977 | 11.3 | 11.1 | 11.0 | 10.9 |
| 1978 | 11.1 | 11.0 | 10.9 | 10.7 |

Source: EDCNP Analysis.

NORTHEASTERN PENNSYLVANIA

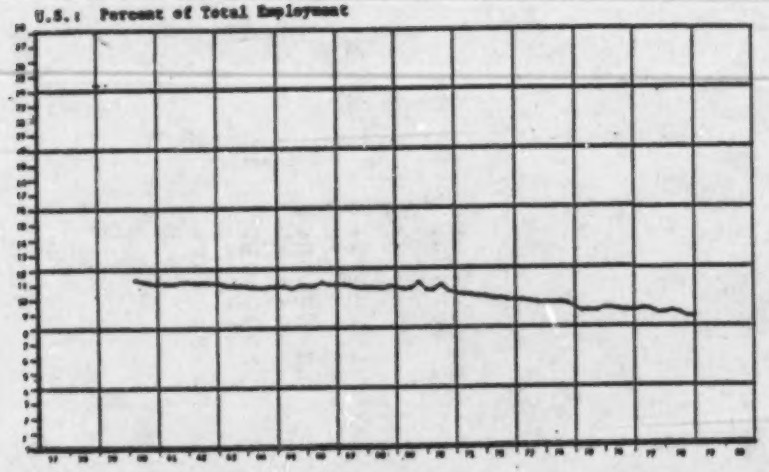
Nondurable Goods Mfg.
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 26.1 | 25.5 | 24.8 | 23.0 |
| 1971 | 25.6 | 24.7 | 24.1 | 24.3 |
| 1972 | 24.8 | 22.5 | 22.6 | 22.7 |
| 1973 | 23.6 | 22.9 | 22.2 | 22.2 |
| 1974 | 21.4 | 21.0 | 20.3 | 20.6 |
| 1975 | 20.7 | 20.7 | 20.3 | 21.4 |
| 1976 | 20.8 | 20.2 | 19.3 | 19.3 |
| 1977 | 19.6 | 19.1 | 18.4 | 18.8 |
| 1978 | 19.3 | 19.1 | 18.6 | 18.6 |

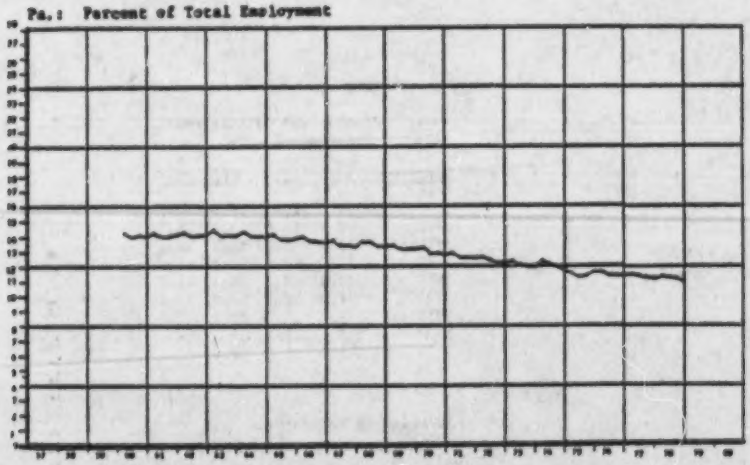
Source: EDCNP Analysis.

CHART XI (Cont'd.)

U.S.: Percent of Total Employment



Pa.: Percent of Total Employment



N.E. Pa.: Percent of Total Employment

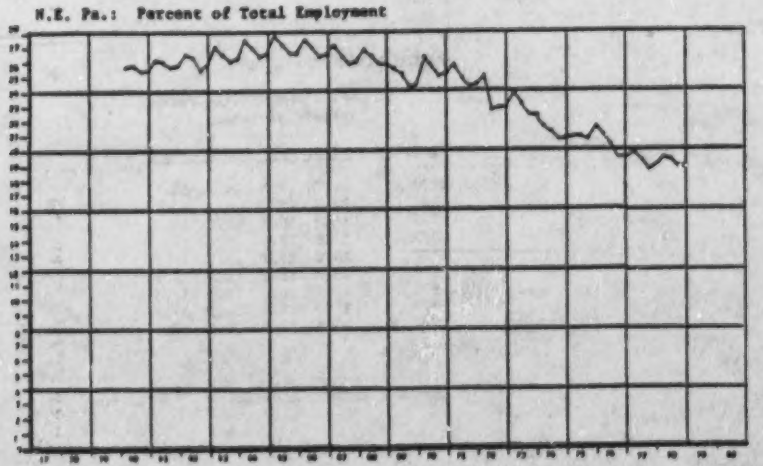


CHART XIII: WHOLESALE AND RETAIL EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT

UNITED STATES

Wholesale and Retail Trade
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 18.9 | 19.0 | 19.0 | 19.0 |
| 1971 | 19.2 | 19.2 | 19.2 | 19.1 |
| 1972 | 19.1 | 19.2 | 19.2 | 19.3 |
| 1973 | 19.3 | 19.3 | 19.3 | 19.5 |
| 1974 | 19.7 | 19.8 | 19.8 | 19.9 |
| 1975 | 20.1 | 20.0 | 20.0 | 20.0 |
| 1976 | 20.4 | 20.2 | 20.2 | 20.2 |
| 1977 | 20.7 | 20.2 | 20.0 | 20.0 |
| 1978 | 20.6 | 20.5 | 20.4 | 20.5 |

Source: EDCP Analysis.

PENNSYLVANIA

Wholesale and Retail Trade
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 16.9 | 17.0 | 17.0 | 17.7 |
| 1971 | 17.4 | 17.5 | 17.6 | 18.1 |
| 1972 | 17.7 | 17.7 | 17.6 | 18.2 |
| 1973 | 17.9 | 17.8 | 17.7 | 18.3 |
| 1974 | 18.3 | 18.2 | 18.2 | 19.0 |
| 1975 | 19.5 | 18.7 | 18.7 | 19.1 |
| 1976 | 19.3 | 19.1 | 19.1 | 19.6 |
| 1977 | 19.6 | 19.2 | 19.2 | 19.7 |
| 1978 | 19.2 | 19.0 | 18.8 | 19.6 |

Source: EDCP Analysis.

NORTHEASTERN PENNSYLVANIA

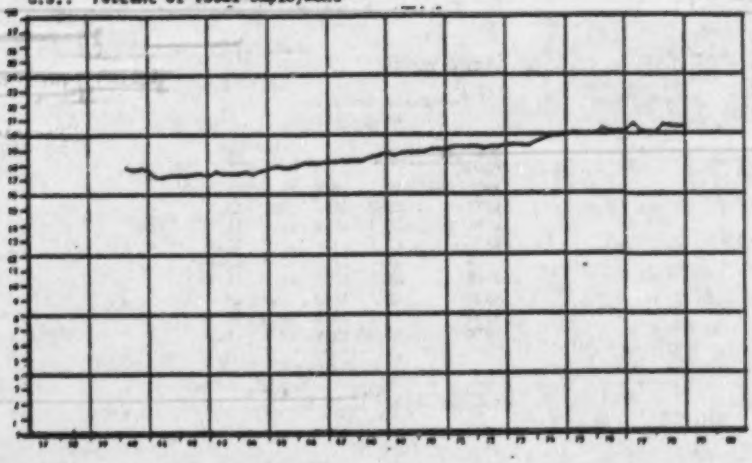
Wholesale and Retail Trade
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 14.7 | 14.9 | 14.7 | 15.6 |
| 1971 | 15.2 | 15.3 | 15.3 | 16.0 |
| 1972 | 15.8 | 15.8 | 15.5 | 16.4 |
| 1973 | 15.9 | 16.1 | 15.9 | 17.0 |
| 1974 | 15.8 | 15.7 | 15.7 | 16.7 |
| 1975 | 16.3 | 16.2 | 16.1 | 16.3 |
| 1976 | 16.7 | 16.5 | 16.7 | 17.6 |
| 1977 | 17.0 | 16.6 | 16.5 | 17.4 |
| 1978 | 17.4 | 17.0 | 16.9 | 18.1 |

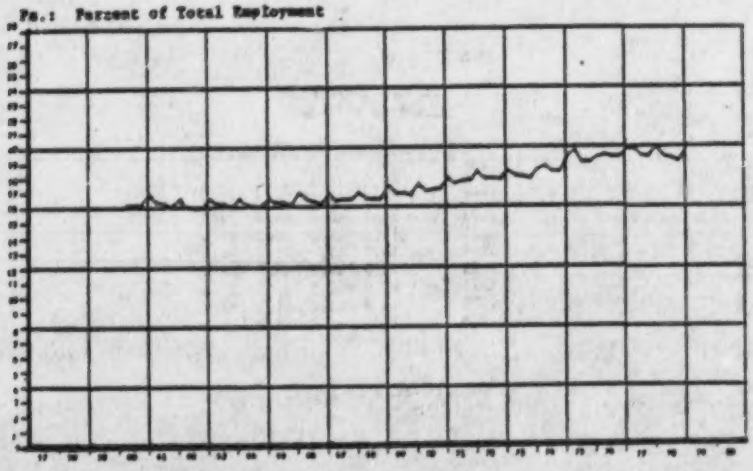
Source: EDCP Analysis.

CHART XIII (Cont'd.)

U.S.: Percent of Total Employment



Pa.: Percent of Total Employment



N.E. Pa.: Percent of Total Employment

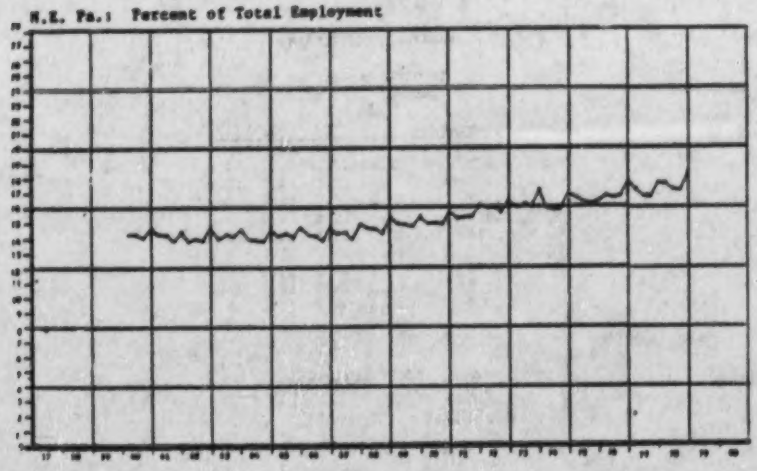


CHART XIV: SERVICE EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT

UNITED STATES

Service Industries
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 14.6 | 14.8 | 14.8 | 15.0 |
| 1971 | 15.0 | 15.1 | 15.1 | 15.0 |
| 1972 | 15.0 | 15.0 | 15.1 | 15.1 |
| 1973 | 15.2 | 15.2 | 15.3 | 15.4 |
| 1974 | 15.5 | 15.6 | 15.8 | 16.1 |
| 1975 | 16.3 | 16.3 | 16.3 | 16.6 |
| 1976 | 16.7 | 16.7 | 16.8 | 16.8 |
| 1977 | 17.2 | 16.8 | 16.8 | 16.9 |
| 1979 | 17.3 | 16.9 | 16.8 | 16.9 |

Source: UDCEP Analysis.

PENNSYLVANIA

Service Industries
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 13.9 | 14.2 | 14.3 | 14.4 |
| 1971 | 14.3 | 14.6 | 14.7 | 14.6 |
| 1972 | 14.8 | 14.8 | 14.9 | 14.8 |
| 1973 | 14.9 | 15.0 | 15.2 | 15.0 |
| 1974 | 15.7 | 15.9 | 16.2 | 16.1 |
| 1975 | 16.3 | 16.6 | 16.7 | 16.6 |
| 1976 | 17.3 | 17.3 | 17.6 | 17.6 |
| 1977 | 18.0 | 18.0 | 17.9 | 18.0 |
| 1978 | 18.1 | 18.2 | 18.0 | 18.1 |

Source: UDCEP Analysis.

NORTHEASTERN PENNSYLVANIA

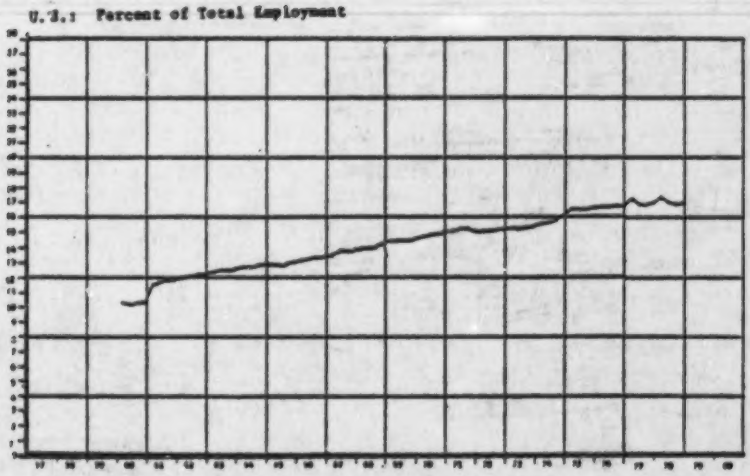
Service Industries
(percent of total)

| Quarter / Year | I | II | III | IV |
|---|---|---|---|---|
| 1970 | 12.4 | 13.1 | 14.2 | 13.0 |
| 1971 | 12.6 | 13.1 | 14.0 | 12.9 |
| 1972 | 13.2 | 13.7 | 14.9 | 13.3 |
| 1973 | 13.5 | 13.8 | 14.7 | 13.5 |
| 1974 | 13.2 | 13.5 | 14.9 | 13.8 |
| 1975 | 14.4 | 14.3 | 15.0 | 14.3 |
| 1976 | 13.9 | 14.1 | 15.1 | 14.2 |
| 1977 | 14.1 | 14.3 | 14.7 | 14.2 |
| 1978 | 14.6 | 14.7 | 15.1 | 14.4 |

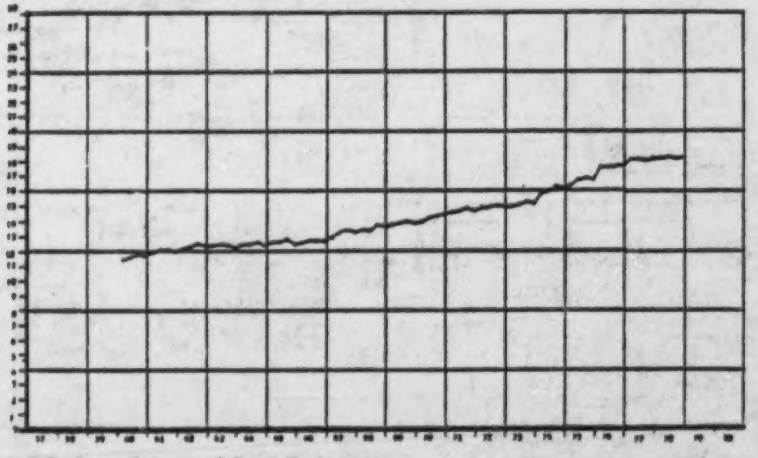
Source: UDCEP Analysis.

CHART XIV (Cont'd.)

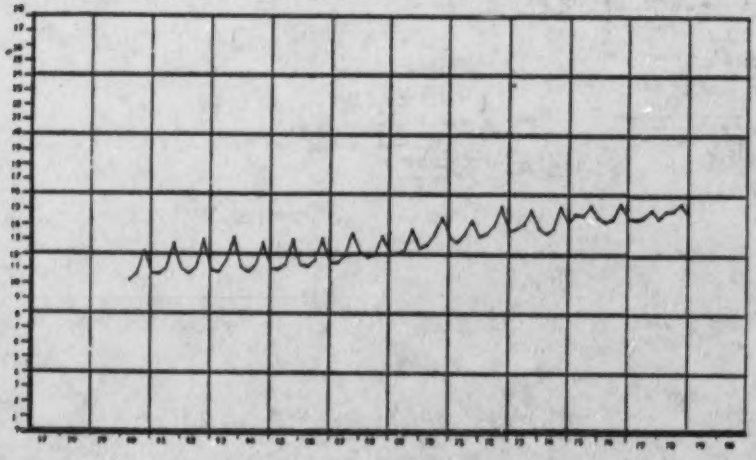
U.S.: Percent of Total Employment



Pa.: Percent of Total Employment



N.E. Pa.: Percent of Total Employment





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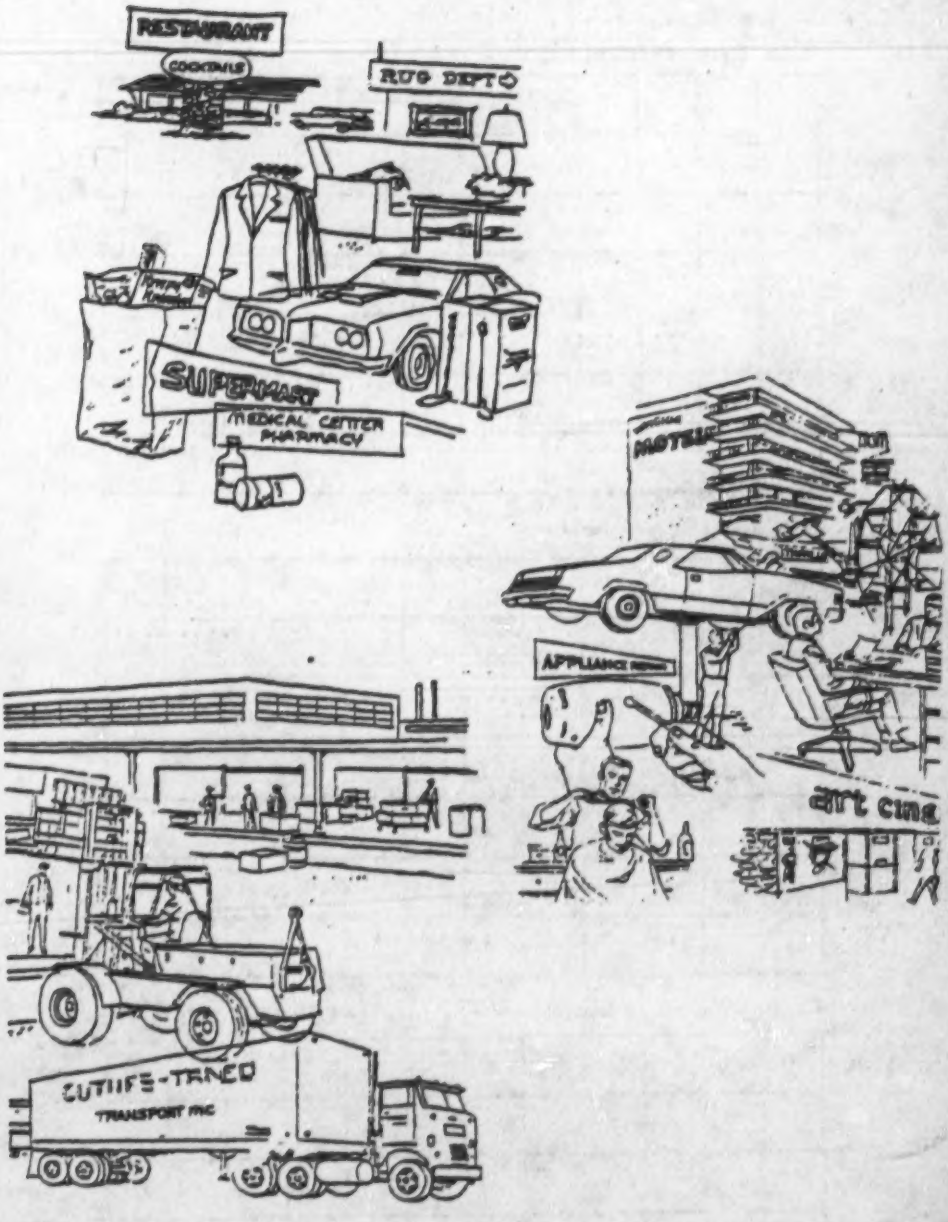

RESTAURANT
COCKTAILS
RUG DEPT
SUPERMART
MEDICAL CENTER
PHARMACY
MOTEL
APPLIANCE
art cine
CUTIFE-TRNCO
TRANSPORT INC

## CHAPTER VIII

## DEPARTMENT STORE SALES

### United States

Another indicator of how consumers are behaving is monthly department store sales. Total sales for all department stores in the United States were $13.8 billion during the first quarter of 1977, up 10.2 percent from the same quarter of 1976. Sales grew throughout 1977-78, ending the fourth quarter with a figure of $27.0 billion. It should be noted that growth in sales far exceeded growth in inflation during 1976 and 1977. This indicates a real growth in sales. This, however, was not true for 1978. Inflation had exceeded growth in sales by 3 points in 1978.

### Northeastern Pennsylvania

Data for department store sales in Northeastern Pennsylvania underwent a methodology change in the fourth quarter of 1977. Prior to that time, data were presented for Luzerne and Lackawanna Counties. The new method provides information for the Northeast Pennsylvania SMSA (Lackawanna, Luzerne and Monroe Counties). Consequently, larger than normal percentage increases are shown in Chart 15. Some of these gains are due to the change in methodology. The pattern of local department store sales follows the national trends, but the changes are more pronounced. During the first quarter of 1978, sales in the Northeast Pennsylvania SMSA totalled $38.8 million The second quarter saw the sales total rise to $59.7 million. By the fourth quarter, sales had reached a figure of $88.8 million an annual rate of gain of 12.7 percent. This gain exceeded the rate of inflation thus showing a real gain in sales. Inflation was 7.8 percent from fourth quarter of 1977 to fourth quarter of 1978. Thus, the real gain in department store sales was 4.9 points.

CHART XV: DEPARTMENT STORE SALES

UNITED STATES

| | Department Store Sales Seasonally Unadjusted (in million of dollars) | | | | Percent Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 7,363 | 9,038 | 9,087 | 12,931 | — | — | — | — |
| 1971 | 7,973 | 10,404 | 10,020 | 14,281 | 8.3 | 15.1 | 10.3 | 10.4 |
| 1972 | 8,733 | 10,775 | 11,091 | 15,686 | 9.5 | 3.6 | 10.7 | 9.8 |
| 1973 | 9,888 | 12,333 | 12,341 | 17,411 | 13.2 | 16.3 | 11.3 | 11.0 |
| 1974 | 10,666 | 13,630 | 13,422 | 18,128 | 7.9 | 8.9 | 8.8 | 4.1 |
| 1975 | 11,142 | 14,448 | 14,581 | 20,564 | 4.5 | 5.8 | 8.6 | 13.4 |
| 1976 | 12,534 | 15,980 | 16,106 | 23,405 | 12.5 | 10.6 | 10.5 | 13.8 |
| 1977 | 13,816 | 17,762 | 17,126 | 25,507 | 10.2 | 11.2 | 6.3 | 9.0 |
| 1978 | 14,396 | 18,875 | 18,865 | 28,591 | 3.6 | 6.3 | 10.2 | 5.8 |

Source: Monthly Department Store Sales in Selected Areas, U.S. Department of Commerce, Bureau of the Census.

LACKAWANNA AND LUZERNE COUNTIES

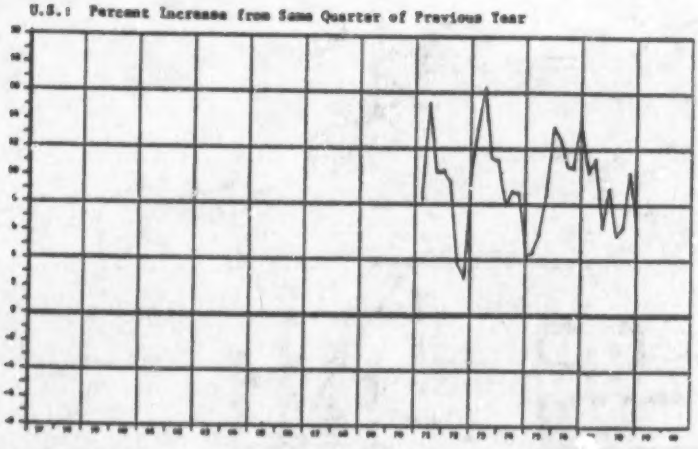
| | Department Store Sales Seasonally Unadjusted (in thousands of dollars) | | | | Percentage Increase from Same Quarter of Previous Year | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter / Year | I | II | III | IV | I | II | III | IV |
| 1970 | 19,707 | 24,840 | 24,738 | 36,807 | | | | |
| 1971 | 19,216 | 26,108 | 28,583 | 43,193 | - 2.5 | 5.1 | 15.5 | 17.3 |
| 1972 | 23,702 | 28,841 | 38,057 | 50,609 | 23.3 | 10.5 | 33.1 | 17.2 |
| 1973 | 28,344 | 35,798 | 34,547 | 51,676 | 19.6 | 24.1 | - 9.2 | 2.1 |
| 1974 | 28,196 | 36,789 | 37,456 | 55,043 | - .5 | 2.8 | 8.4 | 6.5 |
| 1975 | 30,784 | 40,949 | 41,378 | 60,376 | 9.2 | 11.4 | 10.5 | 9.7 |
| 1976 | 31,463 | 43,559 | 43,346 | 67,413 | 2.2 | 6.3 | 4.8 | 11.7 |
| 1977 | 33,734 | 45,561 | 46,296 | 78,800* | 6.3 | 4.6 | 6.8 | 15.7 |
| 1978 | 38,800* | 59,720* | 60,799* | 88,798* | 15.0 | 31.1 | 31.3 | 12.7 |

Source: Monthly Department Store Sales in Selected Areas, U.S. Department of Commerce, Bureau of the Census.

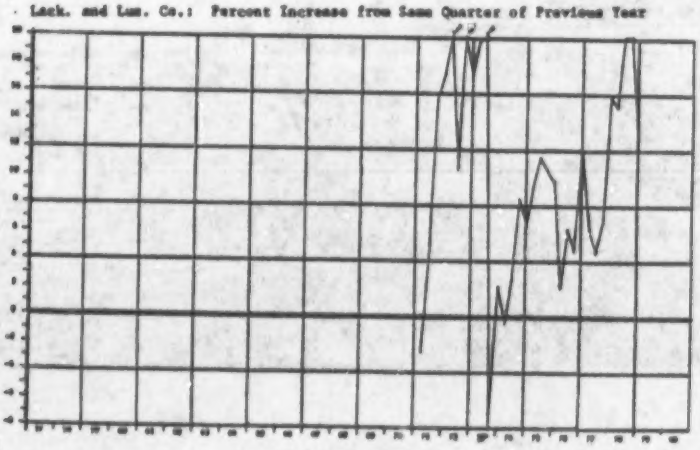
The methodology was changed in the fourth quarter of 1977 to include all of the Northeast Pennsylvania SMSA.

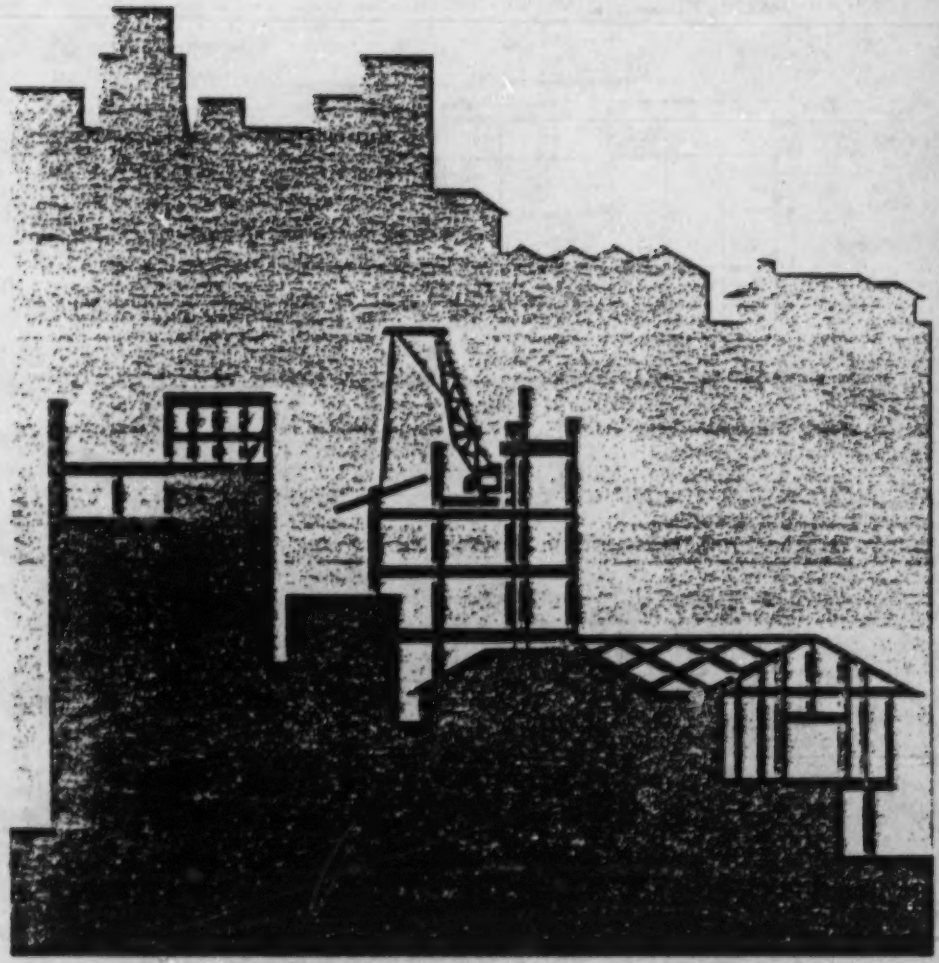
CHART XV (Cont'd.)

U.S.: Percent Increase from Same Quarter of Previous Year



Lock. and Lum. Co.: Percent Increase from Same Quarter of Previous Year





## CHAPTER IX

## BUILDING PERMITS

Housing authorized by building permits is a general economic indicator. Changes in direction usually precede an upturn or a downturn in the economy. In 1973, it preceded the downturn in the economy by three quarters.

### United States

Growth in the number of building permits issued was slow in the first and second quarters of 1978. In the first quarter 1978, 341,104 building permits were issued for a growth of 3.1 percent from the same quarter of 1977. The second quarter recorded a similar growth -- 3.3 percent -- with 508,850 permits issued in that quarter. The third and fourth quarters of 1978 recorded the first drops in building permits issued since the 1974-75 recession. The third quarter drop was 5.5 percent while the fourth quarter drop was 5.3 percent.

### Pennsylvania

As with other indicators, the Pennsylvania trend in building permits issued follows the national trend. The Pennsylvania trend is much more variable than the national trend is. The number of building permits issued in the first quarter of 1978 for Pennsylvania was 8,596. This was a drop of 14.4 percent from the first quarter of 1977. The second quarter showed a drop in building permits of 14,870 or 8.6 percent from the same quarter of the previous year. The trend in building permits recovered slightly in the third and fourth quarters with growths of 9.6 and 15.2 percent.

### Northeastern Pennsylvania

The local area posted gains in building permits issued for three of the four quarters of 1978. The first quarter recorded a gain of 47.8 percent over the same quarter of 1977. A drop of 32.8 percent occurred in the second quarter, but a recovery developed in the third and fourth quarter with gains of 127.1 percent and 82.2 percent, respectively.

UNITED STATES

## CHART XVI: BUILDING PERMITS

| Quarter | Building Permits Issued I | II | III | IV | Percent Increase from same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| Year | | | | | | | | |
| 1970 | - | - | - | - | - | - | - | - |
| 1971 | 386,142 | 531,634 | 508,378 | 490,311 | - | - | - | - |
| 1972 | 457,291 | 585,088 | 550,699 | 527,346 | 18.4 | 10.1 | 8.3 | 7.6 |
| 1973 | 469,392 | 553,698 | 434,396 | 312,496 | 2.6 | -5.0 | -21.1 | -40.7 |
| 1974 | 289,453 | 342,005 | 239,123 | 183,793 | -38.3 | -38.5 | -45.0 | -41.5 |
| 1975 | 147,244 | 270,228 | 270,098 | 234,868 | -49.1 | -21.0 | 13.0 | 30.0 |
| 1976 | 253,113 | 348,339 | 351,880 | 331,168 | 71.9 | 28.9 | 30.3 | 39.8 |
| 1977 | 330,921 | 492,643 | 482,423 | 401,841 | 30.7 | 41.4 | 28.6 | 21.3 |
| 1978 | 341,104 | 508,850 | 427,398 | 380,643 | 3.1 | 3.3 | -5.5 | -5.3 |

SOURCE: Housing Units Authorized by Building Permits and Public Contracts, U.S. Department of Commerce, Bureau of the Census.

PENNSYLVANIA

| Quarter | Building Permits Issued I | II | III | IV | Percent Increase from same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| Year | | | | | | | | |
| 1970 | - | - | - | - | - | - | - | - |
| 1971 | 10,458 | 17,316 | 13,208 | 12,079 | - | - | - | - |
| 1972 | 11,399 | 15,371 | 15,141 | 14,857 | 8.8 | -11.1 | 14.6 | 23.0 |
| 1973 | 13,443 | 18,384 | 13,711 | 8,627 | 18.0 | 6.1 | -9.4 | -41.9 |
| 1974 | 8,999 | 11,676 | 9,487 | 10,047 | -39.8 | -29.3 | -30.1 | 16.5 |
| 1975 | 3,803 | 10,313 | 9,456 | 9,151 | -33.0 | -11.7 | 11.4 | -8.9 |
| 1976 | 9,213 | 11,313 | 11,811 | 11,396 | 142.3 | 11.7 | 24.9 | 28.7 |
| 1977 | 10,040 | 16,261 | 13,434 | 9,206 | 9.0 | 41.2 | 13.7 | -20.6 |
| 1978 | 8,598 | 14,870 | 14,718 | 10,604 | -14.4 | -8.6 | 9.6 | 15.2 |

SOURCE: Housing Units Authorized by Building Permits and Public Contracts, U. S. Department of Commerce, Bureau of the Census.

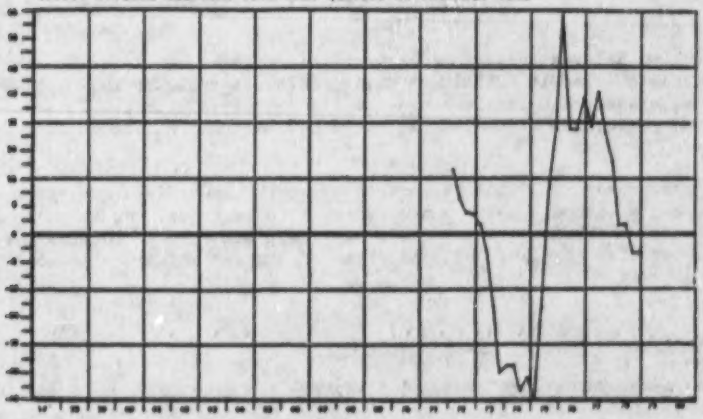
SOUTHEASTERN PENNSYLVANIA

| Quarter | Building Permits Issued I | II | III | IV | Percent Increase from same Quarter of Previous Year I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| Year | | | | | | | | |
| 1970 | - | - | - | - | - | - | - | - |
| 1971 | 299 | 184 | 235 | 317 | - | - | - | - |
| 1972 | 71 | 188 | 435 | 99 | -73.3 | 2.2 | 85.1 | -68.8 |
| 1973 | 154 | 143 | 184 | 138 | 116.9 | -23.9 | -57.7 | 39.4 |
| 1974 | 168 | 218 | 493 | 173 | 9.1 | 52.4 | 167.9 | 25.4 |
| 1975 | 93 | 141 | 330 | 114 | -44.6 | -35.3 | -33.1 | -34.9 |
| 1976 | 453 | 236 | 285 | 371 | 387.1 | 67.4 | -13.6 | 225.4 |
| 1977 | 228 | 312 | 192 | 138 | -49.7 | 116.9 | -32.6 | -62.8 |
| 1978 | 337 | 344 | 436 | 237 | 47.8 | -32.8 | 127.1 | 92.2 |
| 1979 | | | | | | | | |

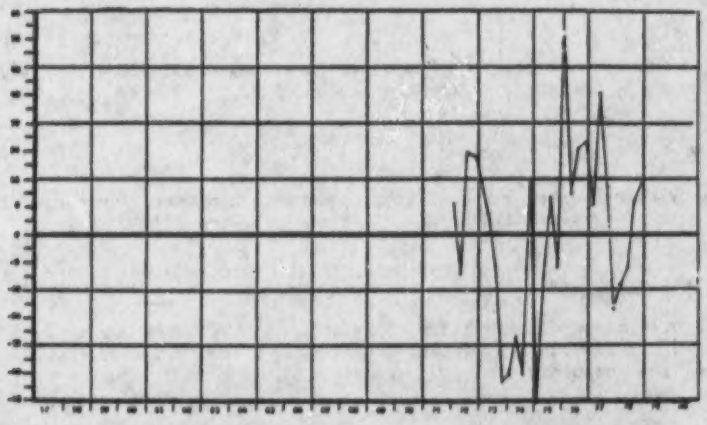
SOURCE: Housing Units Authorized by Building Permits and Public Contracts, U. S. Department of Commerce, Bureau of the Census.

CHART XVI (Cont'd.)

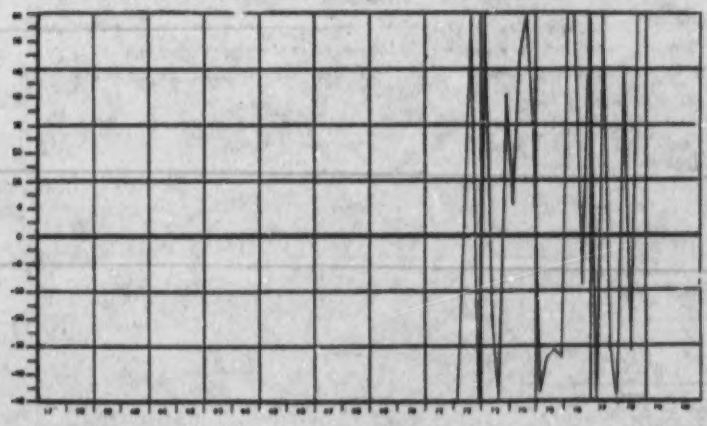
U.S.: Percent Increase from Same Quarter of Previous Year



Pa.: Percent Increase from Same Quarter of Previous Year



N.E. Pa.: Percent Increase from Same Quarter of Previous Year



## CHAPTER X

## RECENT PERFORMANCE OF THE ECONOMY IN NORTHEASTERN PENNSYLVANIA — A SUMMARY

When one makes a comparison between the performance of Northeastern Pennsylvania's economic indicators during 1978 and those of 1977 and 1976, it becomes evident the region has not fully recovered from the 1974-75 recession. Also, the overall pace toward recovery was slower in 1978 than in 1977.

As stated earlier, this Economic Indicators report describes Northeastern Pennsylvania's economic performance during 1978 as it relates to those of the United States and Pennsylvania. This was done, not only to monitor the economy, but also to point out some areas of concern which the Council intends to more closely watch.

### Unemployment

The unemployment rate averaged 8.4 percent during 1978, up from the 8 percent average experienced in 1977.

### Employment

Employment in Northeastern Pennsylvania averaged 353,800 during 1978, a decrease of .2 percent over the average for 1977.

### Average Weekly Hours

Weekly hours worked by production workers in manufacturing during 1978 averaged 37. This was a 2.8 percent increase over the 1977 average.

### Average Weekly Earnings

Weekly earnings of production workers in manufacturing during 1978 averaged $183.80 during 1978, up 9.7 percent from 1977. Discounting for the 7.7 rate of inflation, real earnings rose 2.0 percent.

### Department Store Sales

Department store sales during 1978 totaled $248,117,000 in the three-county Northeastern Pennsylvania SMSA — 21.4 percent higher than in 1977. After inflation is taken into account, this is a gain of 13.7 percent.

Durable Goods Employment

Employment in the durable goods manufacturing industry averaged 35,100 people during 1978, compared with 34,200 during 1977.

Non-Durable Goods Employment

Non-durable goods manufacturing industries employed an average of 66,900 people during 1978, down .6 percent from 1977.

Wholesale and Retail Employment

Wholesale and retail trades employment averaged 61,400 people during 1978 -- up 2.7 percent from the same period of 1977.

Service Employment

Average service employment increased by 1,200 people or 2.4 percent between 1977 and 1978.

## EDCNP STAFF

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| Leonard W. Ziolkowski | Deputy Director |

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| Daniel Hilger | Research Analyst |
| John Wozniak | Research Analyst* |
| William Yoskoski | Research Analyst* |
| Archie Parker | Research Analyst* |
| Jacqualine LaPorte | Research Analyst/Librarian* |
| Gabrielle Ramsauer | Regional Planner |
| Philip Lieberman | Regional Planner |
| Dell Tredinnick | Regional Planner |
| Leonard Carlin | Cartographic Supervisor |
| Robert Piccone | PMRS Coordinator* |
| David Fey | Assistant Regional Planner* |
| David Pekar | Assistant Draftsman* |
| Paul Sedon | Assistant Draftsman* |

### Development Section

| | |
|---|---|
| William J. Desciak | Development Director |
| Charles Naples | Development Specialist |
| James Pettinger | Development Specialist |
| Thomas Pellegrini | Development Specialist |
| Robert Murphy | Development Specialist* |
| Samuel Troy | Development Specialist* |
| Michelle Davis | Development Specialist* |

### Special Projects Section

| | |
|---|---|
| Paul A. Tweedy | Image Project Director |
| Lisa Shaw | Image Circuit Rider* |
| Ted Warkomski | Image Circuit Rider* |

### Administrative Services Section

| | |
|---|---|
| Richard Chisarick | Controller |
| Julia Farrone | Accountant* |
| Anne K. Williams | Office Manager |
| Shirley M. Ahern | Secretary |
| Marilyn Cameron | Secretary |
| Theresa Klimchak | Secretary |
| Elaine Butler | Receptionist/Typist |
| Louise Tracy | Office Machines/Clerk* |
| Cathie Petritis | Clerk* |
| Valerie Valentini | Secretary* |

*CETA - Comprehensive Employment Training Act

Mr. YOUNG. Thank you very much, Mr. Grossman, for your very comprehensive statement, and we appreciate the interest of the Economic Development Council of Northeastern Pennsylvania in this particular situation.

You are our last witness for the day. So, we want to thank you and all the other witnesses who have appeared before the committee today, and particularly thank our friend, Representative Paul Kanjorski, for inviting us down here today so that we could get a little better handle on the situation as it relates to Wilkes-Barre, PA.

I think we all know just a lot more about the decisions to be made in the future than we did this morning, and I think there has already been an indication from Mr. Shaw and myself that we will do everything we can to try to resolve this situation as quickly as we possibly can.

Thank you all very much. The committee stands adjourned.

[Whereupon, at 3:30 p.m., the subcommittee was adjourned.]

# ADDITIONS TO THE RECORD

MORGAN, LEWIS & BOCKIUS
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PHILADELPHIA
NEW YORK
LOS ANGELES

MIAMI
HARRISBURG
LONDON

May 8, 1985

The Honorable Robert A. Young
Chairman, Subcommittee on Public
Buildings and Grounds
House Committee on Public Works
and Transportation
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Young:

This is in response to your letter of May 3, 1985 inviting me to present testimony at the hearing on May 13 regarding the housing of the SSA at Wilkes-Barre.

My role in this matter has been as counsel to Luzerne Products, Inc. (LPI). At present, GSA has under lease approximately 60,000 square feet of the LPI plant located in Plains Township, Luzerne County, Pennsylvania. Pursuant to a GSA request, LPI also offered to sell its plant to the Government.

Enclosed is a "To Whom It May Concern" letter by James E. Bell, owner of LPI, dated May 6, 1985, summarizing the events and frustrations to date regarding this matter. I believe this enclosure accurately sets forth the essential facts and events pertaining to LPI vis-a-vis the acquisition of expanded facilities for the SSA Wilkes-Barre operation, and request it be made a part of the record in the above hearing. Please note Mr. Bell's letter indicates purchase of the LPI facility now would save the taxpayers in excess of $40 million.

While I do not believe it would be appropriate for me to appear as a witness at this hearing, I am available to talk with you or your staff regarding Mr. Bell's letter. LPI does plan to have an observer at the May 13 hearing, and may decide to file an additional statement for the record subsequent to the hearing.

Thank you very much for your invitation to testify at the hearing.

Sincerely,

O. S. Hiestand

OSH/drb
Enclosure
cc: Mr. Kenneth Kirchner, w/encls.
Mr. James E. Bell, w/encls.
Mr. Robert J. Eyet, w/encls.

LUZERNE PRODUCTS INC.

R.D. #10, WILKES-BARRE, PENNSYLVANIA 18702 AREA CODE 717-825-6691

May 6, 1985

To Whom It May Concern:

Ten years ago the Social Security Administration (SSA) sought a new facility in the Wilkes-Barre, Pennsylvania, area to consolidate their operations which were then in three locations.

In 1982 a proposal to build a four story facility for $34 million, approved by the U.S. House of Representatives, was rejected by the U.S. Senate. The Senate considered the new construction too costly. The SSA preferred a one story building which would save them $1 million per year in operating costs as their task had changed over a ten year period.

The Senate Committee on Environment and Public Works directed the U.S. Army Corps of Engineers to find an economical alternative. In February of 1982, the Army Corps of Engineers recommended the purchase of the single story Luzerne Products Incorporated (LPI) facility as an alternative to the construction of a new multifloor building. LPI was selected because it better suited the needs of SSA than the four story building that was planned.

The total cost of purchasing and renovating LPI was projected to be $19 million. Estimated new construction cost was approximately $40 million. Thus, the taxpayers would save at least $21 million. However, we feel substantially more money could be saved because $14 million of the $19 million was for renovations alone. We base this on the fact that under a lease with GSA, LPI renovated one-quarter of the plant (60,000 square feet), at a cost of $900,000, to satisfy the SSA needs. Hence, we seriously question the high renovation estimate of $14 million.

In March 1982, U.S. Representative Frank Harrison announced the government had reached agreement with LPI to purchase the plant for the SSA for $5.148 million. We at LPI had no knowledge of this. Employees and customers were distraught. We assumed the government had accepted the price of $5.148 million LPI previously quoted to an unidentified representative of the government.

The SSA showed a strong desire in purchasing LPI. This was supported by a published letter from Nelson Sabatini to Mr. Hasse of the General Services Administration (GSA) suggesting that the GSA purchase LPI for the SSA (see exhibit 4). What followed was confusion.

In 1983 LPI made an unsolicited offer to GSA to sell the LPI plant, consisting of approximately 250,000 square feet of ground floor space and approximately 63 acres of land. At GSA's request, LPI made an exclusive offer-to-sell to the government in July 1984. We extended this offer on three occasions and also reduced the asking price from $6 million (the original $5.1 price plus $.9M for our renovations) to $4.75 million. We opined that GSA would accept this low offer for economic reasons and because the Luzerne building was ideally suited for SSA.

Luzerne spent time, energy and money to accomodate the government in its investigation of the purchase of LPI. Tours for more than 100 government employees were provided, which disrupted our work force.

To settle the immediate needs of SSA, GSA did lease the aforementioned 60,000 square feet of LPI's building. The renovations were done at our expense within the 90-day deadline set by GSA. However, it took the government one year to sign the lease.

In this connection, the existing lease is for five years at an annual rent of $498,800, subject to specified escalation. The lease has approximately four years to go. Thus, the government is already committed to pay LPI $1,995,200 over the remaining lease period, which could be saved if GSA purchased LPI's facility now. Assuming LPI and GSA agreed to a $4.75 million price, the net cost to the taxpayers for the entire LPI facility would be approximately $2,755,000, plus the questionable $14 million in renovation costs. It seems incredulous that anyone could rationally conclude it would be more economical to undertake a $34-40 million construction project to provide similar facilities. Moreover, it is not realistic to assume a new building could be completed before the existing lease expires. As a result, the government will incur at least two years of additional rent costs before the SSA Wilkes-Barre operation could be consolidated.

Our decision to lease space to SSA was intended to further encourage the sale of LPI's plant to the government (as SSA wanted). We had every reason to believe we were dealing in good faith and the needs of SSA could be satisfied by purchasing LPI.

Earlier this year GSA decided not to request another extension of LPI's offer to sell because OMB had directed SSA to revalidate its needs for the Wilkes-Barre area. It is my understanding the SSA had done so and OMB is in the process of sending a report to GSA. However, if the past is any guide, this

does not mean early action can be expected. Unless adequate attention is focused on the cost to the taxpayer we can expect a continuation of political and other self-interest maneuvers which will make it impossible for GSA to make a decision in the near future.

Recently it has come to my attention the GSA has advised Senator Stafford that it has been unable to negotiate a purchase of the LPI facility at a price within "the range of appraised fair market value". I do not believe this is an accurate statement. The Army Corps of Engineers appraised the LPI facility at approximately $5.2 million (before the $900,000 in renovation costs). I understand GSA got an appraisal at approximately $4 million. GSA's policy guidance permits adding 10%, which would make its value $4.4 million. LPI's final offer to sell for $4.75 million is certainly within the range of the government's fair market value appraisals. Also, it is substantially below the appraisal of $5.5 million made for LPI by an independent appraisal in November 1984. In additiona, during the negotiations with GSA, LPI offered to sell at a fair market value appraisal agreed to by two appraisers selected by GSA and LPI; and in the event they could not agree, then the price determined by an appraiser selected by them. GSA declined this offer.

LPI and the taxpayers have been seriously mistreated in this matter. The news media has described the entire affair as a political football. Moreover, our employment at LPI has dropped from 80 employees on two shifts to 28 employees on one shift. It is difficult to maintain employee morale and keep customers because of the uncertainty as to the future of the company.

I urgently request that the appropriate government officials promptly make a final decision regarding purchase of the LPI facility. For the reasons stated above, I know a decision to purchase would be in the best interest of the taxpayers. However, it is not practical for LPI to stand by indefinitely. We need, and are entitlted to, a prompt, final decision one way or the other.

Sincerely,

James E. Bell

JAMES E. BELL
CHAIRMAN
LUZERNE PRODUCTS, INCORPORATED

Enclosures

P.S. By my calculations, purchase of the LPI facility would save the taxpayers in excess of $40 million.

In S.O.S. to Federal Officials

Sunday Independent 4/3/83

# Social Security Leans Toward Luzerne Products Bldg.

You might say it's an "S.O.S." from SSA to GSA.

The Sunday Independent has obtained a five-page letter, dated April 1, 1983, from Nelson J. Sabatini, a high Security Administration (SSA) official to Edward C. Roach, commissioner of Public Buildings service, General Services Administration (GSA) pleading for help in finding a new facility for the Wilkes-Barre Data Operations Center.

In it, SSA requires a new facility because of the [illegible] ... Sabatini, associate commissioner for Management, Budget and Personnel in the Department of Health & Human Services, points to the urgency of acquiring the new building to "house our total data center operations, which is now split between two sites, plus additional light industrial space to enable us to relocate approximately 40 million supplemental security income (SSI) folders from the Chicago Federal Records Center to the Wilkes-Barre Data Operations Center."

According to Sabatini, the latter space must be available by August, 1983. "In order for us to continue a timely processing operation ...

Sabatini goes on to note that neither GSA nor SSA has budgeted funds for the construction of a federally owned building in the Wilkes-Barre area — the cost of which is estimated at between $5 and $7.5 million dollars.

He states: "It would probably not be possible to obligate the necessary appropriations prior to the 1985 [illegible] and, if approved [and that's a long shot] the building wouldn't be available for occupancy before the end of 1987."

Sabatini concludes that, in order to immediately accommodate the needs of the Social Security Administration, the Luzerne Products plant in Pittston Township appears to be the ideal facility.

Sabatini urges the GSA official to "quickly assess the availability of funds for renovation of the building (Luzerne Products)."

The rest of the letter follows:

Dear Mr. Hauser,

I am writing to [illegible] you have a complete picture of the needs for the Social Security Data Operations Center in Wilkes-Barre, Pennsylvania, and to give you the official Social Security Administration (SSA) position on how best to satisfy those needs. I hope we can continue to work together to accomplish this.

SSA's need for space in the Wilkes-Barre area has been the subject of much recent activity by Congress and the General Services Administration (GSA). In general terms, this need is for a single consolidated building to house our total data center operation, which is now split between two sites, plus additional light industrial space to enable us to relocate approximately 4 million supplemental security income (SSI) folders from the Chicago Federal Records Center to the Wilkes-Barre Data Operations Center. This latter space must be available by August 1983 in order for us to continue the folder processing operation.

In order to satisfy this need, GSA presented a prospectus to Congress for lease construction of a 250,000 square foot building to accommodate the SSA data operation center along with space for certain other government agencies. This prospectus failed to win the approval of the Senate Environment and Public Works Committee. Instead, the Senate commissioned the U.S. Army Corps of Engineers to study alternative means to satisfy SSA's space needs. The Corps of Engineers recommended the purchase and renovation of an existing industrial building just outside of the Wilkes-Barre city limits.

Meanwhile, GSA, recognizing that even with prompt congressional approval, a building could not be erected in time to satisfy SSA's need for 500 folder space in August 1983, solicited offers for lease of 85,700 square feet of light industrial space in Wilkes-Barre. It is our understanding that no acceptable offers were received.

In order to provide a common basis for evaluating alternatives, we offer the following summary of SSA's operational space needs for the Wilkes-Barre operation.

Location—We need to remain reasonably close to our

(Continued on Page 17, Section 1)

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Exhibit 4

## Social Security Leans

(Continued from Page 3, Section 1)

established work force. This would be accomplished by a location in the greater Wilkes-Barre area.

We do not require a center city location. We have no operations which require public access. On the contrary, the Privacy Act and privacy act requirements of our records (which are also Internal Revenue Service records) make public access to the facility undesirable. For the same reasons, shared occupancy with other government agencies is highly undesirable.

The location should have available parking for up to 600 cars. At least 100 to 150 of these spaces should be adjacent to the building for use by our night shift employees. The balance could be provided onsite or in nearby commercial facilities.

Even though the majority of the work force commutes in private vehicles, the site should have public transportation available.

The site should be accessible by trucks, both private and postal, as almost all of our work is transported in this manner.

The site should be located above the 500 year flood plain since millions of records which wither could not be replaced, or which would be extremely costly to reconstruct will be stored in the building. In addition, costly computer equipment will be located in the building.

In addition, a full service cafeteria and dining area, capable of serving and seating approximately 350 people at one time, is needed. Space will also be needed for the normal building operations and support functions such as: restrooms, loading docks, electrical and telephone closets, machine rooms, etc.

The space ideally should be on one floor at ground level in order to facilitate the movement of the vast quantity of paper which we process, and to allow efficient access to the loading docks from which this paper is received and dispatched. Conference rooms and administrative activities could be located on a second level if necessary.

Time Frames for Occupancy—SSA has an immediate and urgent need for a portion of the space described above. Approximately 56,000 square feet of light industrial space is required for occupancy by August 1983 in order to enable our Wilkes-Barre center to continue to process SSI folders.

If this space is not provided by August 1983, it will be necessary to discontinue the shipping of these folders from approximately 1,400 field offices, thus causing the folders to accumulate in filing cabinets in urgently needed prime office space. This action will result in a number of field offices experiencing severe space shortages and other operational difficulties.

The lease on the Wyoming Valley Building space expires in November 1983. The lease on the Courtright Building expires in January 1984. Additionally, we are leasing a portion of the Courtright space (18,400 square feet) on an emergency month-to-month basis in order to continue our folder processing operation.

In view of the above, immediate availability of a building capable of housing the entire data operations center would:

1. Satisfy our immediate requirement for 56,000 square feet of additional space and eliminate the need to house this temporarily and move it later (an expensive and disruptive operation).

2. Enable us to relocate the Courtright operations prior to lease expiration.

3. Allow time to properly prepare computer space for our data entry keying equipment presently located in the Wyoming Valley Building.

We would prefer not to relocate between January and April due to the heavy influx of Annual Wage Reporting material.

We do, however, need to relocate our entire operation from the Wyoming Valley and Courtright Buildings at the earliest possible time because the continued operation of these two topographically separated multifloor sites is inefficient and costly to the Government due to the necessity to move tons of paper back and forth between the sites often more than once.

Neither GSA nor SSA has budgeted funds for the construction of a federally owned building in the Wilkes-Barre area. The cost of a Federal building has been estimated at between 598 and 634 million dollars. It would probably not be possible to obtain the necessary appropriations prior to the 1985 budget currently before them. Therefore, it appears unlikely that a Federal building would be available for occupancy before the end of 1987. Even this date would represent a much more compressed time frame than we have experienced in the past.

Procurement and renovation of an existing building could be accomplished much more rapidly especially since I understand you have Fiscal Year (FY) 1983 money available for the purchase of buildings.

Conclusion and Recommendation

While the ideal solution to SSA's space needs in Wilkes-Barre might be a building designed and constructed specifically to house our data center operation, it is unlikely that such a project could be completed in the near future. Expanding workloads and inadequate facilities make our need for additional and improved space immediate.

The Corps of Engineers has discovered an existing facility, the Luzerne Products Incorporated site, which in the opinion of our operations and engineering staffs, can satisfactorily replace or assist our entire present operation in Wilkes-Barre and satisfy our needs for the foreseeable future. Even with the estimated renovation costs of $12 to $13 million, this would still be cheaper than building a Federal building and could be accomplished much faster.

I, therefore, ask that GSA take immediate action to acquire this building with available FY 1983 funds. That would enable us to move the folder staging operation into a permanent location, thereby saving the cost of leasing space in the interim and moving it again. We will work with you to prepare an emergency request to obtain any necessary approvals (from the Office of Management and Budget and the Congress) to do this.

I also ask that you quickly assess the availability of funds for renovation of this building. If adequate funds are not available, we will go with you to seek funding.

If immediate purchase is not possible, we would suggest that GSA lease approximately 60,000 square feet of warehouse space in this facility, for occupancy by July 1983, to house the SSI folder operation described above. If possible, the lease should contain an option to purchase the building.

Sincerely,
Nelson J. Rabatini
Associate Commissioner

# TESTIMONY OF MARC L. HOLTZMAN BEFORE THE HOUSE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

May 13, 1985

Mr. Chairman, members of the Committee, I want to thank you for the opportunity to offer testimony on the merit of locating a new federal office complex in downtown Wilkes-Barre.

As you know, Wilkes-Barre is one of three Social Security data processing centers in the country. The Social Security Administration employs approximately 800 full time and 400 part-time employees in the Wilkes-Barre area. Those employees, and the data processing operation itself, are located in three separate facilities.

For almost ten years, the Social Security Administration has proposed that the most effective and efficient method of performing the data processing functions would be to locate the entire Wilkes-Barre operation into a single, central facility. According to the Social Security Administration the employees in this facility produce at least 1.8 times the workload of other comparable centers.

In the Fall of 1984, I was approached by several community and business leaders concerning this project. There was considerable concern over the numerous proposals during the last several years, none of which adequately addressed or resolved this matter. I immediately met with Senator Arlen Specter, who is totally committed to seeing this project come to fruition and who has in fact worked on this for several years.

Senator Specter and I reviewed the entire history of this project. We convened a special civic committee of local business and community leaders, many of whom are associated with the Committee for Economic Growth, in order to provide a vehicle to evaluate and promote this project. The committee's members are: Stephen M. Alinikoff, Mutual of New York; Frank P. Cuscela, Executive Vice-President, Jewelcor, Inc.; Robert Fortinsky, President, Fortune Fabrics, Inc.; Frederick J. Hartwigsen, Vice-President, UGI, Corp.; Marilyn Maslow, President of the Blind Association; Richard L. Pearsall, President, Wyoming Valley United Way; Harold J. Rose, Jr., President, Wyoming National

ank; Eugene M. Roth, Esq., Rosenn, Jenkins and Greenwald; James H. Ryan, Ph.D., Campus Executive Officer, Pennsylvania State University; Edward Schechter, Executive Director, Committee for Economic Growth; Marvin Slomowitz, President, Mark Realty Co.; Andrew J. Sordoni, III, Chairman of the Board, Commonwealth Telephone Enterprises, Inc.; and Wallace F. Stettler, President, Wyoming Seminary. I would like to add that in January Senator Specter and I invited Paul Kanjorski to join and work with this committee.

Senator Specter and I, working with this special committee, undertook to evaluate all the alternatives which had been proposed over the past ten years in order to develop an effective strategy.

After several meetings with the Social Security Administration, the General Services Administration, the Office of Management and Budget, and The White House, Senator Specter and I agreed that new construction of a federal office complex on a downtown Wilkes-Barre site would by far represent the most effective and feasible alternative.

Senator Specter, my committee, and I have repeatedly stated that the best interests of the federal government, the Social Security Administration, and the city of Wilkes-Barre are best served by the construction of a new office complex in downtown Wilkes-Barre.

First, the Social Security Administration has continually stated the need to consolidate its Wilkes-Barre operation currently being performed at several locations.

Secondly, the General Services Administration has determined that the cost of a new construction of a Wilkes-Barre facility and renovation of the Luzerne Products Building (or most any other comparable location) are close to equal. The estimated costs of new construction are approximately $22 million dollars while purchased and renovation of the Plains site would be in the same neighborhood.

In addition, selection of the alternate site once considered in Plains would have resulted in the displacement of over fifty jobs and an annual tax revenue loss to the township of close to $28,000.

Perhaps of greatest significance to my committee is the impact to downtown Wilkes-Barre. Keeping these jobs downtown is important to the vitality of Wilkes-Barre. The multiplied economic loss that would result would be devastating.

In January our committee worked closely with Mayor Thomas L. McLaughlin and the Wilkes-Barre City Council to secure a resolution giving the General Services Administration six months to obtain the city owned land at no cost if the new federal office complex is constructed on that site.

Incidentally, the ten acre site in question is the only major non-residential vacant urban renewal parcel remaining in Wilkes-Barre. Further, the City of Wilkes-Barre has been involved in the process of attempting to secure private investment and appropriate reuse of a 175,000 square foot and vacant Stegmaier Brewery which is located across the street from the proposed federal office complex site. The structure is listed on the National Register of Historic Places. Its reuse represents a unique opportunity to preserve and rehabilitate the historic structure. However, for parking and marketing reasons, a decision to develop the site cannot be made until a resolution to the development of the proposed federal office complex is reached.

One of the most important factors in making this project a reality is our ability to prove the Social Security Administration's need to consolidate the three separate Wilkes-Barre facilities into one federal office complex located in downtown Wilkes-Barre. Without proving this need to consolidate, approval for this project would not be necessary.

In conclusion, our committee was formed with three goals in mind.

The First priority was to ensure that the 1,200 jobs remained in this area. On February 25, 1985 Senator Arlen Specter and I announced that we received assurances from the Social Security Administration that these jobs were safe and secure. And further, on April 4, 1985 Paul Kanjorski also confirmed that there was no pending threat.

Our second concern was to preserve these jobs in downtown Wilkes-Barre. Even the status quo is preferable to the renovation of the previously considered Plains site.

Our committee, feeling a degree of satisfaction in seeing the jobs secure and downtown, will continue to work toward the construction of new facility.

First, I urge this committee to utilize the Federal Property Regulations and request that the General Services Administration make a recommendation to Congress to support the construction of a new federal office complex in downtown Wilkes-Barre.

Secondly, I urge this committee to bypass normal channels to obtain a direct appropriation for this project by attaching a supplemental rider to an Appropriation Bill now before the House of Representatives.

Thirdly, I encourage Paul Kanjorski to use his new position on the Democratic Leadership Committee to take every step to enhance this project's chance for success.

Mr. Chairman, Congressman Shaw, I thank you for this opportunity to participate. I hope your visit here today has demonstrated the need to resolve this matter very soon.

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